FIDSON HEALTHCARE PLC
Lagos, Nigeria

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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Corporate information

DIRECTORS	Mr. Segun Adebanji, FCA	Chairman – Appointed 1st January 2018.
	Dr. Fidelis A. Ayebae	Managing Director/ Chief Executive Officer - Pioneer
	Mrs. Olufunmilola O. Ayebae	Non- Executive Appointed January 2001
	Mr. Emmanuel E. Imoagene	Non- Executive Appointed February 2011
	Mrs. Aisha P. Sadauki	Non – Executive – Appointed February 2011
	Mr. Vincent Ahonkhai	Non- Executive – Appointed 1st January 2021
	Mr. Ekwunife Okoli	Non – Executive – Appointed 1st January 2021
	Mr. Abiola A. Adebayo	Deputy Managing Director – Appointed July 2004
	Mr. Olugbenga O. Olayeye	Executive – Appointed July 2004
	Mr. Ola Ijimakin	Executive – Appointed, 1st January 2021
	Mr. Imokha Ayebae	Executive – Appointed, 1st November 2022

COMPANY SECRETARY Mr. J. Abayomi Adebanjo

REGISTERED OFFICE 268, Ikorodu Road, Obanikoro
Lagos.

Tel: 01-7406817, 01-8936502
www.fidson.com, e-mail-info@fidson.com

AUDITORS Deloitte & Touche
(Chartered Accountants)
Civic Towers, Plot GA1 Ozumba Mbadiwe Street,
Victoria Island, Lagos.
E-mail:ngci@deloitte.com.ng

SOLICITORS Adesokan & Adesokan
53-57, Bamgbose Street
Lagos Island, Lagos
Tel: 2348093131158

BANKERS Access Bank Plc
Bank of Industry
FSDH Merchant Bank Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Guaranty Trust Bank Plc
Union Bank Plc
Unity Bank
Wema Bank Plc
Zenith International bank Plc

REGISTRARS Meristem Registrars & Probate Services Limited.
213, Herbert Macaulay Way
Adekunle, Yaba
Lagos
Tel: 234 18920491
Email: info@meristemregistrars.com

Results at a glance.

	Dec-22	Dec-21	%
	₦'000	₦'000	Change
Revenue	40,634,143	30,860,817	32%
Profit before tax	5,781,473	4,717,644	23%
Profit for the year	4,187,158	3,719,913	13%
Retained earnings	10,941,811	7,774,138	41%
Authorised share capital	1,200,000	1,200,000	0%
Issued share capital	1,147,498	1,043,180	10%
Shareholders fund	16,919,279	13,751,835	23%
PER SHARE DATA			
Earnings per share (Kobo)			
Basic and diluted	182	178	2%
Net asset per share (Kobo)	737	659	12%
Stock exchange quotation			
at 31 December (Naira)	9.59	7.11	35%
Number of employees	593	478	24%

Report of the Directors

1.0 The Directors have pleasure in submitting to the members of the Company their report together with the audited financial statements for the year ended 31 December 2022.

2.0 PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and distribution of pharmaceutical products which includes drugs, infusion and injectables. The Company commenced local manufacturing of pharmaceutical products in July 2002.

3.0 LEGAL FORM

The Company operated as a Private Limited Liability Company until June 5, 2008 when it was registered as a Public Limited Liability Company. The shares are currently quoted on the floor of the Nigerian Exchange Limited (NGX).

4.0 STATE OF AFFAIRS

In the opinion of the Directors, the state of the Company's affairs is satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

5.0 DIVIDEND

The Directors propose to pay dividend of N0.55k amounting to N1,262,247,951.25 out of the profit for the year ended 31 December 2022 (31 December 2021: N0.50k, N1,043,180,125.00). Proposed dividend will only be recognised as a liability after approval by the shareholders at the Annual General Meeting. The bonus shares issued in 2022, having been registered with the Securities and Exchange Commission will rank for dividend.

6.0 MAJOR CUSTOMERS

LAGOS
Omere-Oil Pharm Limited/Zimaco
Elvis-Madu and Son Enterprise
Safeline Pharmaceutical LTD
Cemcee Pharmacy
Great Dan-White Int'l LTD

EAST
John Medicals
Okwytex International Concept Limited
Jaymorr Pharmacy LTD
Peton Investment (Nig) Limited
Grams Pharmacy

WEST
Fiolu Pharmacy
Kunle Ara Pharm
Elgra Pharmacy
Ridaz Pharmacy and Store
Goodall Pharmacy

NORTH
Latnas Pharmacy
Gozeb Pharceuticals Nig. Limited
Klen Pharmacy Limited.
New Health Pharm
Goodall Pharmacy

Report of the Directors (cont'd)

7.0 MAJOR SUPPLIERS

Overseas Suppliers	Local Suppliers
TIL Exports Pvt Limited India	Sankil Pharm Ltd
V.S International	Beta Glass Plc
Mevish Export Ltd, India	Caxton Joe Nigeria Ltd
Medinomics Healthcare Pvt Ltd)	Dowell Resources & Logistics Ltd
Themis Medicare Ltd	Top pan printing Co. Nigeria Ltd
Sukhesh Marketing pvt. Ltd	Vijibuks Nigeria Limited
Sterimax Limited	Shpngai Technologies Ltd
Thermax Limited	Twinstar Ind.Ltd
M/S Espee Pharma chen Pvt Ltd	Sagar Overseas Ltd
Sinobright Import and Export Co.Limited	Tempo Paper Pulp & Packaging Ltd
Quest Vitamins Ltd	Jackpackk Industries Nigeria Ltd
Charack Pvt Ltd.	Fiyique Venture Ltd

8.0 DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Mr. Olusegun Adebanji	Chairman (Independent Non-Executive)
Dr. Fidelis A. Ayebae	Managing Director/Chief Executive Officer
Mrs. Olufunmilola O. Ayebae	Non-Executive
Mr. Emmanuel Imoagene	Non-Executive
Mrs. Aisha P. Sadauki	Independent Non-Executive
Dr. Vincent Ahonkhai	Independent Non-Executive
Mr. Ekwunife Okoli	Independent Non-Executive
Mr. Abiola A. Adebayo	Deputy Managing Director
Mr. Olugbenga O. Olayeye	Executive Director, Strategy and Marketing
Mr. Ola Ijimakin	Executive Director, Commercial
Mr. Imokha Ayebae	Executive Director, Finance

9.0 DIRECTORS' INTERESTS

The Directors' interests in the issued share capital of the Company as at 31 December 2022 are as follow

	Numbers of shares 2022	%	Numbers of shares 2021	%
Mr. Olusegun Adebanji	-	-	-	-
Dr. Fidelis A. Ayebae	758,543,749	33.05	689,585,227	33.05
Mrs. Olufunmilola O. Ayebae	74,629,500	3.25	67,845,000	3.25
Mr. Olugbenga O. Olayeye	21,539,144	0.94	19,581,040	0.94
Mr. Abiola A. Adebayo	18,289,269	0.80	16,626,609	0.80
Mr. Emmanuel E. Imogene	37,413,200	1.63	34,012,000	1.63
Mrs. Aisha P. Sadauki	859,705	0.04	781,550	0.04
Dr. Vincent Ahonkhai	320,860	0.01	162,600	0.01
Mr. Ola Ijimakin	2,359,280	0.10	2,130,000	0.10
Mr. Ekwunife Okoli	-	-	-	-
Mr. Imokha Ayebae	41,800,000	1.82	-	-
Indirect interest				
Glorious Haven Ltd – on behalf of Dr. Fidelis A. Ayebae	1,100,0000	0.05	1,000,000	0.05

Report of the Directors (cont'd)

10.0 BOARD OF DIRECTORS

In accordance with the provisions of Section 285 of the Companies & Allied Matters Act, 2020, one third of the Directors of the Company shall retire from office. The Directors to retire every year shall be those who have been longest in office since their last election. Accordingly, Mrs. Aishatu Pamela Sedauki Mr. Emmanuel Imoagene and Mr. Ekwunife Okoli retired by rotation and being eligible, offer themselves for re-election.

11.0 DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020, of any disclosable interest in contracts with which the Company is involved as at 31 December 2022.

12.0 SUBSTANTIAL INTEREST IN SHARES

The registrar has advised that according to the register of members as at 31 December 2022, the following held more than 5% of the issued share capital of the Company**:**

Shareholder	No of Shares	% Holding
Dr. Fidelis Ayebae	758,543,749	33.05%
Stanbic IBTC Nominee Ltd	566,422,033	24.68%

13.0 CORPORATE SOCIAL RESPONSIBILITIES

The Company made contributions as part of its corporate social responsibility. The beneficiaries are as follows:

	2022	2021
	N	N
Religious organisations	1,000,000	210,000
Hospitals/Health institutions	94,721,627	70,008,725
Schools/Communities	108,862,028	43,711,262
	204,583,655	113,929,987

In compliance with section (4) of the companies and allied matters Act, 2020 the company did not make any donation or gift to any political party, political association or for any political purpose during the year under review. All donations are monetary in nature and are expensed. (See note 8)

14.0 EVENTS AFTER THE REPORTING PERIOD

As stated in Note 44, no material events have occurred between the end of the reporting period and the date of this report which could have had a material effect on the state of affairs of the Company as at 31 December 2022.

15.0 ANALYSIS OF SHAREHOLDERS

Analysis of shareholdings as at 31 December 2022

Range	No. of Holders	% Members	Units	% Holding
1-50,000	6,664	88	50,824,719	2
50,001 – 100,000	368	5	26,064,413	1
100,001 – 1,000,000	480	6	118,721,381	5
1,000,001 and above	72	1	2,099,385,762	91
	7,584	100	2,294,966,275	100

Report of the Directors (cont'd)

16.0 EMPLOYMENT AND EMPLOYEES

a. Employment of disabled Persons

It is the Company's policy that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers. As at 31 December 2022, there were two disabled employee working in the administrative section of the factory.

b. Welfare

The Company has retainership agreement with a number of private hospitals to whom cases of illness are referred for treatment and/or admission.

The Company provides subsidy to employees in respect of transportation, lunch, housing, and healthcare and are expensed during the year.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonus, promotions, and wage review.

c. Training

The Company attaches great importance to training and all categories of staff attend courses or seminars as considered necessary by the Company's management. This was extended to member of the statutory audit committee during the year under review.

17.0 AUDIT COMMITTEE

Pursuant to Section 404 of the Companies and Allied Matters Act, 2020, the Company has in place an Audit Committee comprising of Directors and shareholders, namely:

Chief Matthew Akinlade, FCA	Chairman
Alhaji Abdulkabir Sarumi,	Shareholders' representative
Mr. Solomon S. Akinsanya	Shareholders' representative
Mrs. Olufunmilola O. Ayebae	Directors' representative
Mr. Emmanuel E. Imoagene	Directors' representative

The functions of the Audit Committee are laid down in Section 404(7) of the Companies and Allied Matters Act, 2020.

18.0 AUDITORS

Messrs Deloitte and Touche (Chartered Accountants) have indicated their willingness to continue in office in accordance with section 401 (2) of the Companies and Allied Matters Act, 2020 Nigeria. A resolution will be proposed the 24th Annual General Meeting (AGM) for the authority to fix their remuneration by the directors. There are no other services rendered by Messrs Deloitte and Touche.

BY ORDER OF THE BOARD

J. ABAYOMI ADEBANJO, FCIS
COMPANY SECRETARY
FRC/2013/ICSAN/00000002161
23 March 2023

Corporate governance report

Fidson Healthcare Plc has deliberately embarked on a strategy that ensures sustainability to engender a transgenerational and intercontinental business. In doing this, we do not take our sustainable growth over the last five years for granted but realized that a sound foundation built on good governance will be the key to the various sustainability plans.

Our focus remained:
People: Our stakeholders are at the centre of our Corporate Governance practices. Concerns of our stakeholders: customers, employees, trade suppliers, etc whether directly or indirectly impacting our operations are constantly considered and promptly addressed. In this area of our operations, we have robust Corporate Social Responsibility policies, remuneration and motivation schemes that are second to none in the industry. We realize that our shareholders are important, and all efforts were made throughout the year to reach out to them in a bid to ensure an amicable shareholder-Board and Shareholder-management relationship.

Prices: Our pricing policies are geared towards optimizing our resources for continued growth and development without exploiting the market. We have continued to consider the general inflationary trend and affordability to the common man before arriving at our prices.

Planet: Because we value life, our operations are conducted in a way that minimizes negative impact on the environment. Our robust policy on Health, Safety, and Environment (HSE) underscores this fact. We conducted regular HSE training throughout the year in addition to appointing Safety Officers in each of our locations and the Head Office. Obsolete equipment is disposed of in order to allow for recycling. Expired drugs are also destroyed under the supervision of regulators and each time this is done a Certificate of Destruction is received from the relevant Government Agency. We have imbibed best practices and ethical standards in all our dealings.

Probity: We reviewed our governance principles to recognize 'probity' as one of the essentials of good governance. All staff, including directors, understand and operate within the company's code of conduct and ethical business practices which include anti-bribery and corruption policy.

Sustainable development: Guided by a competent Board of technocrats, the Management is constantly working towards maintaining and surpassing good performances year-on-year.

In addition to the above, we have strengthened our risk management team and the general practice of risk awareness and control consciousness company wide.

OUR CORPORATE GOVERNANCE PLATFORM
Our corporate governance strategy and initiatives are geared towards complying with the Nigerian Code of Corporate Governance 2018 and maintaining an amicable relationship with the various stakeholders on which our continued existence relies. Our second approach to Corporate Governance is to use the doctrines of good governance to engender the sustainability of our business.

We have continued to subject our operations to periodic examinations and audits by independent auditors which include current Good Manufacturing Practice (GMP) and National Agency for Food and Drugs Administration and Control (NAFDAC). Each audit/examination report is reported to the board as an update.

Overseen by the Board of Directors, Corporate Governance practices are constantly under review in line with the dynamics of the business environment. The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards.

Corporate governance report (cont'd)

The day-to-day affairs of the company are run by the Executive Management with regular meetings to brainstorm on the company's operations.

The framework for our corporate governance is hinged on:

1. The Nigerian Code of Corporate Governance 2018
2. Various Standard Operations Procedure (SOP) and the International Standard Organisation's compliance requirements
3. Provisions of the Companies and Allied Matters Act, 2020
4. Financial Reporting Council Act, 2011
5 International Financial Reporting Standards (IFRS)
6. The listing rules of the Nigerian Exchange Limited (NGX)
7. Rules of the Securities and Exchange Commission.
8. Good Manufacturing Practices.
9. International best practices.

BOARD COMMITTEES
Board committees during the year under review were constituted as follows:

S/N	NAME OF COMMITTEE	MEMBERS
1	Governance, Nomination and Remuneration Committee	Mrs. A. P. Sadauki (Chairman) Mr. E. E. Imoagene Mrs. O. O. Ayebae Mr. Ekwunife Okoli Dr. Vincent Ahonkhai
2	Finance and General Purposes committee	Mr. E. E. Imoagene (Chairman) Mr. O. S. Adebanji Dr Vincent Ahonkhai Mr. Ekwunife Okoli Mr. Imokha Ayebae Mr. O. O. Olayeye Mr. A. A. Adebayo Mr. Ola Ijimakin Dr F. A. Ayebae
3.	Risk, Audit & Credit Control Committee	Mr. O. S. Adebanji (Chairman) Mr. E. E. Imoagene Mr. Ekwunife Okoli Mrs. O. O. Ayebae Mr. O. O. Olayeye Mr. Imokha Ayebae Mr. A. A. Adebayo Dr. F. A. Ayebae
4.	Strategy and Business Development	Mr. Ekwunife Okoli (Chairman) Dr.Vincent Ahonkhai Mrs. A. P. Sadauki Mr. Emmanuel Imoagene Mr. Imokha Ayebae Mr. O. O. Olayeye Mr. A. A. Adebayo Mr. Ola Ijimakin Dr. Fidelis Ayebae
5.	Statutory Audit Committee.	Mrs. O. O. Ayebae } Directors' Mr E. E. Imoagene } Representatives

The Company Secretary acts as Secretary to all Board committees.

COMMITTEES' TERMS OF REFERENCE

The terms of reference for all the committees are in line with the provisions of the Nigerian Code of Corporate Governance 2018 and generally accepted best practices. The Committee's terms of reference, in summary, are as follows:

1. Governance, Nomination and Remuneration Committee (GNRC):

The committee's main responsibility is to assist the Board in developing policies to address the Board's and Management's skill requirements and to fill any vacancy on the Board, however, occasioned. The Committee is also to ensure, at all times, that competence gaps are closed so that the company is not short of the required skills.

In doing this, the committee considers the need to attract, motivate and retain suitably qualified individuals to the Board.

The Committee ensures the sustainability of the business by ensuring that at all times the company maintains its good governance structure, probity, accountability, transparency, good ethical conduct and responsible leadership.

The responsibility of the Committee includes the recommendation of a competitive remuneration package for the executive management and the Board. In doing this, the committee considers the need to maintain both internal and external competitiveness. It is also the responsibility of the Committee to ensure that remunerations paid to the employees of the company are adequate and commensurate with performance.

2. **Finance and General Purposes Committee:**

The committee assists the Board in ensuring that the company's strategic initiatives and objectives are translated into actions and processes. In doing this, the committee considers and makes recommendations to the Board with regards to:

(a) the annual estimates of revenue and expenditure (income statement).
(b) capital expenditure requirements including loans.
(c) investment and borrowing policies
(d) any other matters referred to the Committee by the Board.

3. Strategy and Business Development Committee:

The Committee's function is to assist the board in the development of a strategic planning process and ensure a periodic review of the process and report to the Board on implementation. To achieve its objectives, the Committee, amongst others:

ensure that the business sets stretch but realisable long-term and annual business goals consistent with market opportunities, and capable of delivering the company's vision and mission statements.

(a) review, input, and recommend to the Board long-term and annual business strategy to deliver the business goals and consistently outperform the competition.
(b) ensure that the annual plans and long-term strategy is communicated across the organisation to ensure alignment and ownership.
(c) ensure that the long-term strategy and annual plans are tracked twice annually and quarterly respectively, and a dashboard is used to communicate status to key stakeholders.

COMMITTEES' TERMS OF REFERENCE (cont'd)

3. Strategy and Business Development Committee (cont'd)

(d) ensure that a Strategic planning cycle is developed and embedded into the corporate calendar so that adequate time is created for the process.

During the year under review, the Committee embarked a strategic planning that produced the company's 3-year strategic roadmap.

4. **Risk, Audit and Credit Control Committee:** The Committee assists the Board in the monitoring, reviewing and administration of the credit policy and risk management. Its terms of reference include the following:

(a) Consider the nature, extent, and categories of the risks facing the Company, and the likelihood of such risks materializing; the Company's ability to reduce the incidence and the impact on its business, if the risks do materialize.
(b) Advise the Board on the cost of operating particular controls relative to the benefits thereby obtained in managing the related risks.
(c) Ensure that the Company's policy on ethics adequately impacts positively on its business partners and stakeholders e.g. Customers, Shareholders, Community, Government, Suppliers and the public;
(d) Prescribe new standards and mechanisms related to ethics and make recommendations to the Board.
(e) Review the risk register and to notify the Board of changes in the status and control evaluation of risks;
(f) Keep under review and monitor the effectiveness of the Company's system of internal control, non-financial activities of management, including operational and compliance controls and risk management, environment, health and safety and report to the Board on annual basis and;
(g) Monitor compliance with the provisions of the Companies and Allied Matters Act as they affect the operations of the business and adherence to the rules and regulations of relevant regulatory bodies.
(h) To obtain Board approval for any policy changes, actions or decisions of the Committee that require such approval.
(i) The Committee shall be responsible for putting in place a structure for risk management.
(j) To review the implementation of the company's processes as they relate to risk management framework and recommend best practice.
(k) To consider the likely impact on breaches in the company's operations.
(l) To put in place a Business Continuity Plan (BCP) for the company.
(m) The communication path shall be through the Company Secretary and/or the Chairman.

These committees meet on a regular basis to discharge their functions and report to the Board. During the year under review, the Committee reviewed and put in place a robust Risk Register for the company.

THE BOARD
Frequency of meetings:

The Board of Directors holds at least 4 (four) meetings in each financial year. Each meeting is scheduled to receive quarterly operating results among other reports on the company's operations. All matters reserved for the Board are duly considered and resolved. These include consideration and approval of budgets, major capital expenditures, corporate strategy, review of policies on internal risk management, review of performance and generally direct the affairs of the company's operations.

Attendance at Board meetings during the year under review was impressive. In line with Section 284 (2) of the Companies and Allied Matters Act, 2020, the record of Directors' attendance at Board meetings is available at the annual general meeting for inspection.

In compliance with Section 275 of the Companies and Allied Matters Act, 2020, the Board has the required number of Independent Non-Executive Directors.

Responsibilities of the Board of Directors:
It is the responsibility of the Board of Directors to:

1. ensure that the company's operations are conducted in a fair and transparent manner that conforms with high ethical standards;
2. ensure the integrity of the company's financial and internal control policies;
3. ensure the accuracy, adequacy and timely rendition of the statutory returns and financial reports to the regulatory authorities, namely, The Nigerian Exchange Limited (NGX), Securities and Exchange Commission (SEC), Corporate Affairs Commission (CAC), National Agency for Food and Drug Administration and Control (NAFDAC) and shareholders through the Company Secretary;
4. ensure value creation for the shareholders, employees and other stakeholders;
5. review and approve corporate policies, strategies, annual budgets and business plans;
6. monitor implementation of policies and strategic direction of the company;
7. set performance objectives, monitor implementation and corporate performance;
8. review and approve all major capital expenditure of the company;
9. ensure that the statutory rights of all stakeholders are protected at all times; and,
10. institute an appropriate mechanism for measuring adherence by management to all regulations.

Information flow to the Board:
The executive management ensures that the Board received adequate information on a timely basis. Board papers are circulated at least two weeks before every Board meeting.

As part of the Board's resolve to ensure adequate compliance with and to engender good corporate governance, reports on governance and compliance are presented by the Company Secretary for consideration by the Board as and when required. This way, the Board is abreast of the regulatory, statutory, and ethical requirements expected of listed companies in Nigeria.

Board Charter:
In order to ensure good governance is engendered in the company, the Board is run by a Charter which amongst other things make provisions concerning:

a) Frequency of Board meetings
b) Process for adoption and circulation of Board minutes
c) Disclosure of interest
d) Guidelines for ensuring the integrity and independence of directors.
e) Commitment to comply with the Law, regulations and Corporate Governance Code.

The Charter is reviewed every three years.

Board Structure:
The Board currently consists of 11 (eleven) directors, made up of five (5) Executive Directors, two (2) Non-Executive Directors and four (4) professionals as Independent Non-Executive Directors. The structure is not only in line with section 275 of the Companies and Allied Matters, Act, 2020 but also allows for objective deliberations at the Board level.

In structuring the Board, there was consideration for diversity in terms of gender and core competencies of individual directors. Among the Board members are experts in human resources, corporate governance, medical sciences, finance, agriculture, marketing and strategy.

Directors during the year under review were:

1. Mr. O. S. Adebanji	-Chairman (Independent Non-Executive Director)
2. Dr. Fidelis A. Ayebae	-Managing Director/Chief Executive Officer
3. Mr. Emmanuel E. Imoagene	-Non-Executive Director
4. Mrs. Oluwafunmilola O. Ayebae	-Non-Executive Director
5. Mrs. Aishatu P. Sadauki	-Independent Non-Executive Director
6. Dr. Vincent Ahonkhai	-Independent Non-Executive Director
7. Mr. Ekwunife N. Okoli	-Independent Non-Executive Director
8. Mr. Abiola A. Adebayo	-Deputy Managing Director
9. Mr. Olugbenga O. Olayeye	-Executive Director, Strategy and Marketing
10. Mr. Ola Ijimakin	-Executive Director, Commercial.
11. Mr. Imokha Ayebae	-Executive Director, Finance.

Board evaluation and appraisal:
The Board has agreed on a plan to conduct an evaluation of its members before the end of the 2023 financial year.

Related party transaction:
Though the shareholders gave an anticipatory approval at the last annual general meeting, there was no material related-party transaction throughout the year under review.

THE STATUTORY AUDIT COMMITTEE

In accordance with section 404 (3) of the Companies and Allied Matters Act, 2020, the audit committee is made up of five (5) members, three representatives of the shareholders and two (2) representatives of the Board of directors. Members of the audit committee are elected annually at the annual general meeting. The Committee was engaged maximally in all aspects of its responsibility as stipulated by the law. In addition, the Committee was encouraged to take on other assignments that may be of benefit to the company.

Members of the Committee during the year under review were:

1. Chief Matthew Akinlade, FCA, Shareholder	Chairman
2. Alhaji Abdulkabir B. Sarumi	Shareholder
3. Mr. Solomon S Akinsanya	Shareholder
4. Mrs. Olufunmilola O. Ayebae	Director
5. Mr. Emmanuel E. Imoagene	Director

Attendance of Board Members, Board Committees, and the statutory Audit Committee at meetings during the twelve months ended 31st December 2022

BOARD MEETINGS	24-03-22	28-04-22	20-07-22	27-10-22	15-12-22	%
Mr. Segun Adebanji	✓	✓	✓	✓	✓	100
Dr. F A Ayebae	✓	✓	✓	✓	✓	100
Mrs. A. P. Sadauki	X	✓	✓	✓	✓	80
Mrs. O. O. Ayebae	✓	✓	✓	✓	✓	100
Mr. E E. Imoagene	✓	✓	✓	✓	✓	100
Dr. Vincent Ahonkhai	✓	✓	✓	✓	✓	100
Mr. Ekwunife Okoli	✓	✓	✓	✓	✓	100
Mr. O. O. Olayeye	✓	✓	X	✓	✓	80
Mr. A. A. Adebayo	✓	✓	✓	✓	✓	100
Mr. Ola Ijimakin	✓	✓	✓	✓	✓	100
Mr. Imokha Ayebae	NA	NA	NA	NA	✓	100

AUDIT COMMITTEE	25-01-22	23-03-22	19-07-22	18-10-22	%
Chief Matthew Akinlade	✓	✓	✓	✓	100
Alhaji A. B. Sarumi	✓	✓	✓	✓	100
Mrs. O. O. Ayebae	✓	✓	✓	✓	100
Mr. S. S. Akinsanya	✓	✓	✓	✓	100
Mr. E. E. Imoagene	✓	✓	✓	✓	100

GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE	21-04-22	15-07-22	26-10-22	%
Mrs. A. P. Sadauki	✓	X	✓	66.7
Mrs. O. O. Ayebae	✓	✓	✓	100
Mr. E. E. Imoagene	✓	✓	✓	100
Mr. Ekwunife Okoli	✓	✓	✓	100
Dr. Vincent Ahonkhai	✓	✓	✓	100

FINANCE AND GENERAL PURPOSES COMMITTEE	21-03-22	25-04-22	24-05-22	18-7-22	20-10- 22	%
Mr. E. E. Imoagene	✓	✓	✓	✓	✓	100
Dr. F. A. Ayebae	✓	✓	✓	✓	✓	100
Mr. O.S. Adebanji	✓	✓	✓	✓	✓	100
Dr. Vincent Ahonkhai	✓	✓	✓	✓	✓	100
Mr. Ekwunife Okoli	✓	✓	✓	✓	✓	100
Mr. O. O. Olayeye	✓	✓	✓	✓	✓	100
Mr. A. A. Adebayo	✓	✓	✓	✓	✓	100
Mr. Ola Ijimakin	✓	✓	✓	✓	✓	100

RISK MANAGEMENT AND AUDIT COMMITTEE.	15-03-22	11-07-22	11-10-22	%
Mr. Segun Adebanji	✓	✓	✓	100
Dr. F. A. Ayebae	✓	✓	✓	100
Mr. Ekwunife Okoli	✓	✓	✓	100
Mrs. O. O. Ayebae	✓	✓	✓	100
Mr. O. O. Olayeye	✓	✓	✓	100
Mr. E. E. Imoagene	✓	✓	✓	100
Mr. A. A. Adebayo	✓	✓	✓	100

STRATEGY AND BUSINESS DEVELOPMENT COMMITTEE	17-03-22	14-07-22	25-10-22	**%**
Mr. Ekwunife Okoli	✓	✓	✓	100
Mrs.A. P. Sadauki	✓	✓	✓	100
Mr. E. E. Imoagene	✓	✓	✓	100
Dr. Vincent Ahonkhai	✓	✓	✓	100
Dr. Fidelis Ayebae	✓	✓	✓	100
Mr. Olugbenga Olayeye	✓	✓	✓	100
Mr. Abiola Adebayo	✓	✓	✓	100
Mr. Ola Ijimakin	✓	X	✓	66.7

Board induction programme: The Executive Director appointed in November 2022 was duly inducted.

Securities Trading

The company directors are constantly reminded, and they are aware of the restrictions imposed on them with regards to trading in the shares of the company during closed periods. The policy in place is obeyed by the directors and other senior employees who by virtue of their position constantly come in contact with price-sensitive information. One Director bought shares during the year under review during the permissible period.

Enquiries have been made and it is hereby stated that in respect of these financial statements and the interim accounts submitted in the year under review, none of the directors violated the rules relating to securities trading.

Payment of penalty:
The company paid no penalty to the Nigerian Exchange Limited during the year under review

Compliance with the code of corporate governance:
The Company complied with the 2018 Code of Corporate Governance for public companies during the year under review. Detailed explanations were given in the annual corporate governance return (Form SEC 1) made to the Securities and Exchange Commission in January 2023.

The complaints management policy of the company
The company has in place a policy document on complaints management to support the existing policies dealing with allied matters.

FIDSON HEALTHCARE PLC

SHAREHOLDING STRUCUTRE/FREE FLOAT STATUS

Description	31-12-22		31-12-21	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	2,294,996,275	100%	2,086,360,250	100%
Substantial Shareholdings (5% and above)				
Dr. Fidelis A. Ayebae	758,543,749	33.05%	689,585,227	33.05%
Stanbic IBTC Nominees Limited	566,422,033	24.68%	514,747,303	24.67%
Total Substantial Shareholdings	1,324,965,782	57.73%	1,204,332,530	57.72%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
DR. Fidelis A. Ayebae (indirect)	1,100,000	0.05%	1,000,000	0.05%
Mr. Emmanuel E. Imoagene	37,413,200	1.63%	34,012,000	1.63%
Mrs. Olufunmilola O. Ayebae	74,629,500	3.25%	67,845,000	3.25%
Mrs. Aishatu P. Sadauki	859,705	0.04%	781,550	0.04%
Dr. Vincent Ahonkhai	320,860	0.01%	162,600	0.01%
Mr. Olugbenga O. Olayeye	21,539,144	0.94%	19,581,040	0.94%
Mr. Abiola A. Adebayo	18,289,269	0.80%	16,625,609	0.80%
Mr. Imokha Ayebae	41,800,000	1.82%	N/A	N/A
Mr. Ola Ijimakin	2,359,280	0.10%	2,130,000	0.10%
Mr. Ekwunife Okoli	0	0.00%	0	0.00%
Mr. Segun Adebanji	0	0	0	0
Total Directors' Shareholdings	198,310,958	8.64%	142,137,799	6.81%
Other Influential Shareholdings				
NIL				
Total Other Influential Shareholdings	0	0.00%	0	0.00%
Free Float in Units and Percentage	771,719,535	33.63%	739,889,921	35.46%
Free Float in Value	₦ 4,360,215,372.75			

Declaration:

(A) FIDSON HEALTHCARE PLC with a free float percentage of 33.63% as at 31st December 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) FIDSON HEALTHCARE PLC with a free float value of N4,360,122,938.75 as at 31st December 2022 is compliant with The Exchange's free float requirements for companies listed on the Main Board.

BY OTHER OF THE BOARD

J. A. ADEBANJO
COMPANY SECRETARY

Note: Average share price in 2022 as indicated by the NGX was N5.65k.

Statement of Directors' Responsibilities
For the preparation and approval of the Financial Statements

The Directors of Fidson Healthcare Plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies.
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

Going Concern:
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

Abiola Adebayo	**Fidelis Ayebae**
DMD	**MD/CEO**
FRC/2013/PSNIG/00000002162	**FRC/2014/CIANG/00000002376**
23 March 2023	**23 March 2023**

Certification of Financial Statements

In accordance with section 405 of the Companies and Allied Act, 2020 and Section 60 of the Investment and Securities Act, 2007, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the**:**

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements.

We state that management and Directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the Company , particularly during the period in which the audited financial statement report is being prepared,
(ii) has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and
(iii) certifies that Company's internal controls are effective as of that date;

We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and
(iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Company for the year ended 31 December 2022 were approved by the Directors on 23 March 2023.

On behalf of the Directors of the Company

Fidelis Ayebae	**Imokha Ayebae**
MD/CEO	**Finance Director**
FRC/2014/CIANG/00000002376	**FRC/2021/001/00000023145**
23 March 2023	**23 March 2023**

Audit committee's report

In the course of the financial year 2022, the statutory Audit Committee of Fidson Healthcare Plc met five times as illustrated in the table below.

AUD IT COMMITTEE	25-01-22	23-03-22	19-07-22	18-10-22	%
Chief Matthew Akinlade	✓	✓	✓	✓	100
Alhaji A. B. Sarumi	✓	✓	✓	✓	100
Mrs. O. O. Ayebae	✓	✓	✓	✓	100
Mr. S. S. Akinsanya	✓	✓	✓	✓	100
Mr. E. E. Imoagene	✓	✓	✓	✓	100

Key
√ - Present
x - Absent

Our terms of reference include but are not limited to the following:

1 Assist in the oversight of the integrity of Fidson Healthcare Plc ("the Company") financial statements, compliance with legal and other regulatory requirement, assessment of qualifications and independence of external auditor, and performance of the company's internal audit functions well as that of external auditors.
2 Ensure the development of a comprehensive internal control framework for the Company, obtains assurance and report annually in the financial report, on the operating effectiveness of the Company's internal framework.
3 Oversee management's process for the identification of significant fraud risks across the Company and ensure that adequate prevention, detection, and reporting mechanism are in place.
4 Discuss the annual audited financial statements with management and external auditors.
5 Discuss policies and strategies in respect to risk assessment and management.
6 Review and ensure that adequate whistle blowing procedures are in place and that a summary of issues reported are highlighted to the Chairman.
7 Review, with the external auditor, any audit scope limitations or problems encountered and management responses to same. In addition, to review the independence of external auditors and ensure that where non- audit services are provided by the external auditors, there is no conflict of interest.
8 Preserve auditor's independence, by setting clear hiring policies for employees or former employees of independent auditors.
9 Invoke its authority to investigate any matter within its terms of reference for which purpose the Company must make available the resources to the internal auditors with which to carry out these functions, including access to external advice where necessary.

Audit committee's report (cont'd)

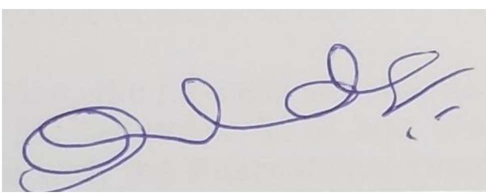
Consequently, in accordance with the provisions of section 404(4) of the Companies and Allied Matters Act 2020, the members of the statutory Audit committee of Fidson Healthcare Plc hereby report that we have exercised our statutory functions under this act and we acknowledge the cooperation of the Management and staff of the conduct of these responsibilities.

Specifically, we confirm that:

1 The accounting and reporting policies of the Company are consistent with the legal requirements and ethical practices.

2 The internal audit programme is extensive and provide a satisfactory evaluation of the efficiency of the internal controls systems; and

3 We have considered the independent auditor's post audit report and management responses thereon, and are satisfied with responses to our question as well as the state of Fidson Healthcare Plc.



Chief Matthew Akinlade, FCA
FRC2013/ICAN/00000002111
Chairman
Statutory Audit Committee

Dated 22nd March 2023

Members of the Statutory Audit Committee are:

Chief Matthew Akinlade, FCA	Shareholder representative (Chairman)
Alhaji Abdulkabir Sarumi,	Shareholders' representative
Mr. Solomon S. Akinsanya	Shareholders' representative
Mrs. Olufunmilola O. Ayebae	Directors' representative
Mr. Emmanuel E. Imoagene	Directors' representative

Deloitte.

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Independent Auditor's report

To the Shareholders of Fidson Healthcare Plc

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **Fidson Healthcare Plc** set out on pages 5 to 62, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of **Fidson Healthcare Plc** as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and Financial Reporting Council Act, 2011.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter
Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Revenue	
As at 31 December 2022, the Company's revenue was N41 billion representing an increase of 32% from N30 billion as at 31 December 2022. Given the materiality of the increase in the account balance, and the extent of audit procedures performed, we have considered this a Key Audit Matter. Details of the Key Audit Matter (KAM) are disclosed in note 5 of the financial statements.	In evaluating the reasonableness of the increase in the account balance, we performed the following procedures: 1. Performed analytical procedures to determine the relevant risks as at year end. 2. Assessed and obtained understanding of key controls over revenue recognition 3. Reconciled revenue to the general ledger to ensure proper recording, completeness, accuracy, occurrence and classification of revenue 4. Obtained the sales report and reconciled it to the general ledger. 5. Selected samples of sales transactions and reviewed the sales invoices and customer acknowledged waybills to ascertain the goods were sold to third parties, and control passed before recognition 6. Performed analysis of revenue, receivables and payments from customers during and after year end to ascertain that the recorded revenue was paid for by the customers. 7. Performed cut off procedures to ensure revenue transactions were recorded in the appropriate period 8. Ensured appropriate disclosure of the revenue balance in the financial statements. The result of procedures performed shows that the increase in the account balance is reasonable.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report the Corporate governance Report, and other national disclosures which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Deloitte.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee and Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth schedule of the Companies and Allied Matters Act we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company have kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Chigozie Okoro, FCA-FRC/2013/ICAN/00000004457
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
31 March, 2023

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0496116

Statement of profit or loss and other comprehensive income

	Notes	Dec-22 ₦'000	Dec-21 ₦'000
Revenue	5	40,634,143	30,860,817
Cost of sales	6	(23,452,464)	(15,757,782)
Gross profit		**17,181,679**	**15,103,035**
Other income	7	863,335	596,552
Administrative expenses	8	(5,650,515)	(6,416,079)
Selling and distribution expenses	9	(4,905,793)	(3,421,283)
Operating profit		**7,488,706**	**5,862,225**
Finance costs	10	(1,772,656)	(1,222,299)
Finance income	11	65,423	77,718
Profit before tax	**12**	**5,781,473**	**4,717,644**
Income tax	13a	(1,594,315)	(997,731)
Profit for the year		**4,187,158**	**3,719,913**
Other comprehensive income: (OCI)			
Items to be reclassified to profit or loss in subsequent years:			
Fair value gain/Loss Through OCI financial instruments	34	(230)	70
Net other comprehensive income to be reclassified to profit or loss		(230)	70
Items not to be reclassified to profit or loss in subsequent years:			
Re- measurement gain on defined benefit plans	26	33,851	20,011
Income tax effect	13c	(10,155)	(6,004)
Net other comprehensive income not to be reclassified to profit or loss		23,696	14,007
Other comprehensive income, net of tax		23,466	14,077
Total comprehensive income, net of tax		**4,210,623**	**3,733,990**
Earnings per share – basic (in kobo)			
Basic and diluted	43	182	178

Statement of financial position
As at 31 December 2022

		Dec-22	Dec-21
ASSETS	**Notes**	**₦'000**	**₦'000**
Non-current assets			
Property, plant and equipment	14	19,565,588	14,892,994
Right of use assets	15	380,817	486,271
Investment property	16	-	31,823
Intangible assets	17	23,544	21,722
Investments in Financial Asset	18a	4,800	5,030
Loans and receivables	18b	14,692	14,027
Other non-current financial asset	19	174,542	173,162
		20,163,983	**15,625,029**
Current assets			
Inventories	20	14,606,786	11,154,535
Trade and other receivables	21	4,249,396	2,979,867
Prepayments	22	1,845,990	1,389,825
Cash and cash equivalents	23	2,115,136	1,956,154
		22,817,308	**17,480,381**
Total assets		**42,981,291**	**33,105,410**
Equity and liabilities			
Equity			
Issued share capital	32	1,147,498	1,043,180
Share premium	33	4,829,614	4,933,932
Retained earnings		10,941,812	7,774,138
Financial Asset reserve	34	355	585
		16,919,279	**13,751,835**
Non-current liabilities			
Interest bearing loans and borrowings	24	5,746,439	6,210,729
Lease Liability	25	-	63,590
Retirement benefit obligation	26	263,602	268,185
Government grant	27	651,291	660,764
Deferred revenue	28	-	1,583
Deferred tax liability	13c	1,389,945	1,177,063
		8,051,277	**8,381,914**
Current liabilities			
Trade and other payables	29	7,015,730	4,447,130
Interest bearing loans and borrowings	24	5,798,413	2,200,119
Bank Overdraft	23	290,004	259,662
Other financial liabilities	30	3,000,000	2,150,000
Lease Liability	25	55,581	87,350
Government grant	27	346,595	356,651
Deferred revenue	28	-	3,167
Income tax payable	13b	1,396,272	1,379,367
Unclaimed dividend	31a	108,140	88,215
		18,010,735	**10,971,661**
Total liabilities		**26,062,012**	**19,353,575**
Total equity and liabilities		**42,981,291**	**33,105,410**

SIGNED ON BEHALF OFTHE BOARD OF DIRECTORS ON 23rd March 2023

Fidelis Ayebae
Managing Director/CEO
FRC/2014/CIANG/00000002376

Abiola Adebayo
Deputy Managing Director
FRC/2013/PSNIG/00000002162

Imokha Ayebae
Finance Director
FRC/2021/001/00000023145

Statement of changes in equity

	Share capital ₦000	Share premium ₦000	Retained earnings ₦000	Financial asset reserve ₦000	Total ₦000
At 1 January 2021	1,043,180	4,933,932	4,561,808	515	10,539,435
Profit for the year	-	-	3,719,913	-	3,719,913
Other comprehensive income for the year, net	-	-	14,007	70	14,077
Total Comprehensive Income for the year	-	-	3,733,920	70	3,733,990
Dividends (Note 31)	-	-	(521,590)	-	(521,590)
At 31 December 2021	**1,043,180**	**4,933,932**	**7,774,138**	**585**	**13,751,835**
At 1 January 2022	1,043,180	4,933,932	7,774,138	585	13,751,835
Bonus issue	104,318	(104,318)	-	-	-
Profit for the year	-		4,187,158	-	4,187,158
Other comprehensive income for the year, net	-	-	23,696	(230)	23,466
Total Comprehensive Income for the year	-	-	4,210,854	(230)	4,210,623
Dividends (Note 31)	-	-	(1,043,180)	-	(1,043,180)
At 31 December 2022	**1,147,498**	**4,829,614**	**10,941,812**	**355**	**16,919,279**

Statement of cash flows

	Notes	Dec-22 ₦'000	Dec-21 ₦'000
Operating activities:			
Profit before tax		**5,781,473**	**4,717,644**
Adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	14	841,360	654,108
Depreciation - Right of use assets	15	88,451	105,850
Impairment loss/(gain)	8	(45,851)	245,050
Loss(gain) on disposal of plant, property and equipment	7	234,485	(83,264)
Gain on disposal of investment property	7	(268,713)	-
Net exchange difference (Unrealized)	8	5,325	8,035
Depreciation of investment property	16	536	919
Grant income	7	(706,658)	(474,951)
Amortisation of Intangible assets	17	55,528	40,358
Interest income on loans and receivables	11	(10,050)	(36,898)
Interest income in other non-current financial asset	11	(8,993)	(11,730)
Interest income on fixed deposit	11	(46,380)	(25,090)
Finance costs	10	1,772,656	1,222,299
Employee benefit expense	26	33,851	20,011
Amortisation of deferred revenue	28	(4,750)	(3,167)
Changes in working capital:			
(Increase) in trade and other receivables		(1,269,530)	(248,595)
(increase) in prepayments		(456,165)	(1,093,514)
(Increase) in inventories		(3,452,251)	(4,291,199)
Decrease in government grant		(19,529)	(165,062)
increase in other financial liabilities		850,000	2,150,000
increase in trade and other payables		3,520,485	2,269,566
		6,895,280	**5,000,370**
Income tax paid	13b	(1,374,683)	(116,039)
Benefits paid	26	(4,583)	(3,958)
Net cash flow from operating activities		**5,516,014**	**4,880,373**
Cash flows from investing activities:			
Purchase of property, plant & equipment	14	(6,613,567)	(2,646,191)
Additions to intangible assets	17	(57,350)	(38,550)
Interest received	11	46,380	25,090
Interest on other non-current asset	11	8,993	11,730
Proceeds from sale of property, plant and equipment		230,252	570,166
Investment in other financial assets	19	(173,162)	-
Liquidation of investment in other financial asset	19	173,162	-
Net cash utilised by investing activities		**(6,385,292)**	**(2,077,755)**
Cash flows from financing activities:			
Payments of finance lease liabilities		(95,359)	(109,501)
Interest paid on loans & borrowings	10	(1,639,067)	(1,222,299)
Dividend paid	31	(1,043,180)	(512,590)
Payment of unclaimed dividend	31b	19,925	49,278
Proceed from loans & borrowings	24a	5,019,826	3,500,000
Loan repayment	24a	(1,258,901)	(5,776,105)
Net cash provided by financing activities		**1,003,244**	**(4,071,217)**
Net increase/(decrease) in cash and cash equivalents		133,966	1,000,966
Net foreign exchange difference		(5,325)	(8,035)
Cash and cash equivalents at the beginning of the year		1,696,491	2,973,125
Cash and cash equivalents at the end of the year	23	**1,825,132**	**1,696,491**

Notes to the financial statements.

1.0 Corporate information.

The Company was incorporated as a private limited liability Company on 13 March 1995 and commenced business activities on 15 March 1995. The principal activities of the Company include manufacturing and distribution of pharmaceutical products. The Company's shares were quoted the Nigerian Stock Exchange on 5 June 2008. The issued share capital is held as to 38.86% directly by the Directors, 5.74% indirectly by the Directors and 54.94% by the Nigerian Public.

1.1 Composition of the financial statements

The Financial statements are drawn up in Naira, the functional currency of Fidson Healthcare Plc. In accordance with IFRS accounting presentation, the Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash flows
- Notes to the Financial Statements.

1.2 Financial period

These Financial Statements cover the financial year ended 31 December 2022 with comparative amounts for the year ended 31 December 2021.

2.0 Significant accounting policies

2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). and Financial Reporting Council Act as issued by the Financial Reporting Council of Nigeria (FRCN)

The financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value. The financial statements are presented in the Nigerian Naira and all values are rounded to the nearest thousands (₦'000), except when otherwise indicated.

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

2.2.1 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sell or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.
  Or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Notes to the financial statements.

2.2.1 Current versus non-current classification (cont'd)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.2 Fair value measurement

The Company measures some financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 41a.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the relevant observable inputs and minimizing the use of unobservable inputs. Refer to Note 42b for fair value hierarchy.

2.2.3 Revenue recognition

Revenue is recognised to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods.

Notes to the financial statements.

2.2.3 Revenue recognition (cont'd)

Revenue is recognised by applying a five-step approach:

- Identify the contract
- Identify the separate performance obligations in the contract for Ethical and OTC when the products are delivered to the customer and for consumer healthcare when the customer picks up the product from the factory.
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognise revenue when (or as) each performance obligation is accomplished (delivery of Ethical and Consumer healthcare product)

The Company recognises revenue from the following major sources:

- Sale of Ethical Products, ethical product category are infusion, capsule and tablet. Revenue Is recognise when products are delivered to customers.
- Sale of Over the Counter (OTC) products. OTC product category are tablet, capsule and syrup. Herbal product. Revenue is recognised when products are delivered to customer.
- The company also recognises revenue from manufacturing pharmaceutical products on behalf of its customers. The performance obligation in this type of contract involves the delivery of finished pharmaceutical drugs to its customers. Revenue is recognised overtime for this type of contract.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when the ethical and OTC products are delivered to the customer and the when the consumer healthcare customer picks their product from the factory.

Cost to obtain a contract.
In addition to the cost of the product, the Company pays sales commission to its employees and distributor for certain contracts that they obtain for sales of products. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under sales expenses) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Dividends
Dividends are recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.2.4 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Notes to the financial statements.

2.2.4 Government grants (cont'd)

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy in Note 2.2.12 (ii).

2.2.5 Taxes

Current income tax
The income tax assets or liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA) 2007 at 30% of total profit after deducting capital allowances and loss relief. Education tax is also assessed at 2% of the assessable profits.

Current income tax relating to items recognised outside the profit or loss are recognised outside profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the financial statements.

2.2.5 Taxes (cont'd)

Deferred tax (cont'd)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that.
- the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax on items recognised in the profit or loss is also recognised in the profit or loss, while deferred tax on items recognised outside the profit or loss is also recognised outside the profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Value Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of Value Added Tax (VAT), except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.2.6 Foreign currency transaction

Foreign currency transactions are converted into the functional currency, the Nigerian Naira at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency interbank rate of exchange ruling at the reporting date in accordance with the Central Bank of Nigeria guidelines. Any exchange gains or losses arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Notes to the financial statements.

2.2.7 Property plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, net of accumulated depreciation and/or accumulated impairment loss, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long term projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful lives. Land and capital work-in-progress are not depreciated. The attributable cost of each item of capital work-in-progress is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. Deprecation commences once asset is available for use. The normal expected useful lives for the major categories of property, plant and equipment are:

	Years
Land	Nil
Buildings	50
Plant and machinery	4 to 25
Office equipment	4 to 10
Furniture and fittings	8
Motor vehicles	4 to 6
Capital work-in-progress (WIP)	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets 'residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying amounts may not be recoverable.

Impairment losses and reversals of impairment losses are recognised in the profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the financial statements.

2.2.8 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less then N50,000) (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

Notes to the financial statements.

2.2.8 Leases (cont'd)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as a lessee
Finance leases transfer to the Company substantially all the risks and rewards incidental to ownership of the leased asset.

The assets are measured at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss.

The capital element of assets under finance lease is capitalised along with the Company's property, plant and equipment and depreciated at the same rates for assets of that category, or over the lease term, where the lease term is shorter than the assets' useful lives.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Notes to the financial statements.

2.2.8 Leases (cont'd)

Leases – as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.2.9 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

2.2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

The investment properties are subject to annual depreciation charge of 2% on a straight-line basis.

If Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. Owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Notes to the financial statements.

2.2.11 Intangible assets

Product licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The Company makes upfront payments to purchase product licences. The product licenses are held on various pharmaceutical products sold by the Company and have licence years that range from 2 to 5years. The licences may be renewed by the Company at the expiration of the license period.

Intangible assets with finite lives are amortised over the useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight–line basis to write down the cost of intangible assets to their residual values over their estimated useful lives.

An intangible asset is derecognised on disposal or when no future economic benefit is expected from use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the intangible asset and recognised in the statement of profit or loss when the asset is derecognised.

2.2.11 Financial instruments

(i) Financial assets

A financial asset is any asset that is:

- cash.
- an equity instrument of another entity.
- a contractual right to receive cash or another financial asset (e.g., receivables); or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to Fidson (e.g., derivatives resulting in an asset, bonds, and investments)

(ii) Financial liability

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset (e.g., payable); or
- a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company (e.g., payables, loans and derivatives resulting in a liability).

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(iii) Amortised cost

Most of Fidson's financial assets and liabilities are measured at amortised cost, including, most trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment.

If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

(iv) Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit impaired.

(v) Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g., most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are reported in the Income Statement.

All ECL (impairment) allowances must be reviewed at least quarterly.

In applying the IFRS 9 impairment requirements, an entity needs to apply one of the following approaches:

- The simplified approach, which will be applied to trade receivables.
- The general approach, which will be applied to other receivables, including royalty receivables, and to loan assets and investments in debt securities.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(vi) Expected credit loss allowance (cont'd)

a) The simplified impairment approach.

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. Fidson uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix should incorporate forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as Distributors, Sales representatives, and Institutions.

b) The general impairment approach

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).

For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required. "

Indicators of a significant increase in credit risk include:

- An actual or expected significant change in the financial asset's external or internal credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations, such as an increase in interest rates or a significant increase in unemployment rates.
- An actual or expected significant change in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology;
- Expected changes in the loan documentation (i.e. changes in contract terms) including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
- Past due information on debtors.

For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(vii) Impairment of financial asset investments

financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset.

In the case of equity investments classified as financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the year in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss – is reclassified from equity and to the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in other comprehensive income.

(viii) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either.

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(ix) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(x) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.2.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials are stated at purchase cost on the weighted average basis.
- Finished goods and work in progress: Cost in this case consists of direct purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present condition and location. Finished goods are valued using weighted average cost.
- Goods in transit are valued at the invoiced price.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods with six (6) months or less to expiration and expired materials are provided in the profit or loss account.

2.2.14 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs of disposal and its value in use.
Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Notes to the financial statements.

2.2.14 Impairment of non-financial assets (cont'd)

Impairment losses of continuing operations are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

2.2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.2.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.2.16 Pension and other post-employment benefits

Retirement benefit Schemes

The gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur. Actuarial gains and losses are not reclassified to the profit or loss in subsequent years.

Notes to the financial statements.

2.2.16 Pension and other post-employment benefits (cont'd)

Pension

The Company operates a defined contribution plan in line with the provisions of the Pension Reform Act 2014 as amended. This plan is in proportion to the services rendered to the Company by the employees with no further obligation on the part of the Company. The Company and its employee contribute 10% and 8% respectively of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recorded as personnel expenses in the profit or loss.

Past service costs are recognized in the profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs and gains and losses on curtailments
- Net interest expense or income

Short term benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short term cash-bonus plans if the Company has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

2.2.17 Dividends

Dividends on ordinary shares are recognised as a liability when they are approved by the Company's shareholders at the Annual General Meeting. Dividends are recognised, when they are paid. Dividends for the year that are approved after the reporting date are disclosed in the financial statements as a non-adjusting event.

Notes to the financial statements.

2.2.18 Segment reporting

For management purposes, the Company is organised into business units based on its products and has three reportable segments as follows:

- The over-the-counter segment, which represent the products that may be sold directly to the consumer without a prescription.
- Ethical products segment, which are drugs, injectables and infusion which would be sold to the consumer only on the possession of a valid prescription.
- Consumer healthcare product which represent manufacturing product for customers.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and cost of sales. The Executive Management Committee monitors the operating results of the whole business for the purpose of making decisions about resource allocation and performance assessment.

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management - Note 43
- Financial risk management and policies - Note 41

3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Property, plant and equipment

The Company own a property with dual purpose. The portion not occupied by the Company cannot be separately sold or leased out under a finance lease arrangement. Management believe it occupies a significant portion of the property; hence the whole property has been classified as property, plant & equipment.

Notes to the financial statements.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities.

Retirement benefits

The cost of defined benefit gratuity scheme is determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer to Note 2 for assumptions relating to retirement benefits.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 41 for further disclosures.

Financial instruments

The Company assesses at each reporting date whether there is any objective evidence that the financial assets is impaired. Financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the Available-for-sale financial assets that can be reliably estimated. The objective evidence the Management relies upon in assessing the Available-for-sale financial assets for impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also seen as objective evidence of impairment.

Notes to the financial statements.

3.2 Estimates and assumptions (cont'd)

financial instruments (cont'd)
The Company judges that the impairment is significant if the fair value declined is between 20% and 30% and prolonged when it is between 9 and 12 months.

When the fair value of available-for-sale financial assets cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 19 on the details of financial instrument.

Property, plant and equipment
The Company carries its property, plant and equipment at cost in the Statement of Financial Position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Company reviews the estimated the useful lives and residual values of its property, plant and equipment, and accounts for any changes prospectively. Refer to Note 15 on property plant and equipment.

Notes to the financial statements.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Accounting Standards that are effective for the current year (2022)

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework

the Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

the Company has adopted the amendments to IAS 16 for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Notes to the financial statements.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
the Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle
the Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Notes to the financial statements.

5	**Revenue**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	Sales of goods		
	Consumer Healthcare (Toll Manufacturing)	1,852,923	117,366
	Ethical	26,857,251	20,109,605
	Over The Counter (OTC)	11,923,969	10,633,846
		40,634,143	30,860,817

Revenue represents total value of goods invoiced to third parties locally.

6	**Cost of sales**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	Consumer Healthcare (Toll Manufacturing)	1,414,367	72,499
	Ethical	12,446,285	7,952,280
	Over The Counter (OTC)	5,549,473	5,453,662
	Depreciation of factory PPE (Note 8a)	578,106	569,922
	Energy	1,447,290	549,226
	Personnel Cost	1,157,200	625,483
	Other Factory Overheads	859,743	534,710
		23,452,464	15,757,782

7	**Other operating income**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	Amortisation of government grant	706,658	474,951
	Other operating income	38,968	5,763
	Gain on disposal of property, plant and equipment	34,228	83,264
	Rental income	4,750	3,167
	Sale of scrap	32,880	29,407
	Write back of excess receivables impairment	45,851	-
		863,335	596,552

Notes to the financial statements.

		Dec-22	Dec-21
8	**Administrative expenses**	**₦'000**	**₦'000**
	Association and Membership	6,950	12,940
	Audit fee	17,500	14,000
	Conferences and Workshop	4,744	3,209
	Consultancy fees	135,582	120,161
	Corporate social responsibility	204,584	113,930
	Depreciation and amortisation (Note 8a)	407,768	231,313
	Diesel and fuel	165,406	60,116
	Write back/Impairment of receivables (Note 21a)	-	245,050
	Insurance	157,842	110,510
	Legal	4,822	10,558
	Office supplies	17,328	25,929
	AGM Expenses	12,052	4,656
	Directors Expenses (Non-Executives)	41,970	47,290
	Bank administrative fee	197,963	154,366
	Newspapers and periodicals	3	6
	Personnel costs (Note 8b)	2,349,935	1,936,207
	Printing & stationery	86,060	115,741
	Repairs and maintenance	214,339	303,325
	Outsourced cleaning and security Expenses	44,687	45,512
	Telephone & postage	76,413	53,351
	Training	82,351	40,652
	Travelling and Entertainment	367,027	198,380
	Permit and dues	53,511	87,765
	Auxiliary materials & Tools	141,422	115,532
	Canteen expenses	101,659	87,982
	Exchange loss (Realised)	-	1,609,954
	Exchange loss (Unrealised)	758,597	667,645
		5,650,515	6,416,079

8a	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment (Note 14)	841,359	654,108
	Depreciation of rights of use assets (Note 15)	88,451	105,850
	Depreciation of property, plant and equipment included in cost of sales (Note 6)	(578,106)	(569,922)
		351,704	190,036
	Depreciation of investment property (Note 16)	536	919
	Amortisation of intangible assets (Note 17)	55,528	40,358
		407,768	231,313

Notes to the financial statements.

		Dec-22	Dec-21
8b	**Personnel costs**	**₦'000**	**₦'000**
	Gratuity	33,851	20,011
	Pension cost	56,331	56,331
	Salary and wages	2,259,753	1,859,865
		2,349,935	1,936,207

9	**Selling and distribution expenses**		
	Promotion and advertisement	1,400,441	663,261
	Sales expenses	3,505,352	2,758,022
		4,905,793	3,421,283

		Dec-22	Dec-21
10	**Finance cost**	**₦'000**	**₦'000**
	Interest on bank loans	1,734,125	1,183,768
	Interest on finance lease	38,531	38,531
		1,772,656	1,222,299

11	**Finance income**		
	Interest earned on loans and receivables	10,050	36,898
	Interest earned on other non-current financial asset	8,993	11,730
	Interest on fixed deposit	46,380	25,090
		65,423	73,718

12	**Profit before tax**		
	This is stated after charging:		
	Amortisation of intangibles (Note 17)	55,528	40,358
	Audit fee	17,500	14,000
	Depreciation of property, plant and equipment (Note 14)	841,359	654,108
	Depreciation of right of use assets (Note 15)	88,451	105,850
	Depreciation of investment property (Note 16)	536	919
	Gain on disposal of property, plant and equipment	34,228	83,264
	Personnel costs	3,507,135	2,561,690
	Exchange gain/loss	758,597	2,277,599

Notes to the financial statements.

13 Taxation

13a Income tax expense

The major components of income tax expense for the year ended 31 December 2022:

	Dec-22	Dec-21
Current income tax:	**₦'000**	**₦'000**
Current year income tax charge	1,219,016	1,221,532
Current education tax charge	172,572	153,450
Total current tax	1,391,588	1,374,982
Deferred tax		
Relating to origination of temporary differences	202,727	(377,251)
Total income tax expense reported in the profit or loss	1,594,315	997,731
Reconciliation of tax charge:		
Profit before tax	5,781,473	4,717,644
Tax at Nigerian statutory income tax rate of 30%	1,734,442	1,415,293
Disallowable expenses	(724,574)	(155,718)
Income exempted from tax	(34,228)	(83,264)
Education tax @ 2% of assessable profit	172,572	153,450
Investment allowance	243,376	45,221
Effect of deferred tax balance	202,727	(377,251)
	1,594,315	997,731
Effective tax rate	28%	21%

13b. Income tax payable

	Dec-22	Dec-21
Current tax payable	**₦'000**	**₦'000**
At 1 January	1,379,367	120,424
Charge for the year	1,391,588	1,374,982
Payments during the year	(1,374,683)	(116,039)
At 31 December	1,396,272	1,379,367

Notes to the financial statements.

		Dec-22	Dec-21
13c.	**Deferred tax liability**	**₦'000**	**₦'000**
	At 1 January	1,177,063	1,548,311
	Amounts recorded in profit or loss	202,727	(377,252)
	Amounts recorded in other comprehensive income	10,155	6,004
	At 31 December	1,389,945	1,177,063
	Deferred tax recognised in other comprehensive income:		
	Re-measurement gain on defined benefit plan	10,155	6,004
	Total deferred tax recognised in Other Comprehensive	**10,155**	**6,004**

2022	**Opening balance ₦'000**	**Recognised in profit or loss ₦'000**	**Recognised in OCI ₦'000**	**Closing balance ₦'000**
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	1,792,007	(53,932)	-	1,738,075
Employee benefit	(286,586)	200,916	-	(85,670)
Impairment of trade receivables	(173,406)	129,135	-	(44,271)
Unrealised exchange loss	(201,073)	(45,471)	-	(246,544)
Unutilised capital allowance	6,003	(6,003)	10,155	10,155
Impairment on Inventory	40,118	(21,918)		18,200
	1,177,063	**202,727**	**10,155**	**1,389,945**

2021	**Opening balance ₦'000**	**Recognised in profit or loss ₦'000**	**Recognised in OCI ₦'000**	**Closing balance ₦'000**
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	1,819,921	(27,914)	-	1,792,007
Employee benefit	(143,293)	(143,293)	-	(286,586)
Impairment of trade receivables	(80,496)	(92,910)	-	(173,406)
Unrealised exchange loss	(98,990)	(102,083)	-	(201,073)
Unutilised capital allowance	11,051	(11,051)	6,003	6,004
Impairment on Inventory	40,118	-	-	40,118
	1,548,311	**(377,251)**	**6,003**	**1,177,063**

Notes to the financial statements.

14 Property, plant and equipment

COST:	LAND	BUILDING	MOTOR VEHICLES	OFFICE EQUIPMENT	PLANT & MACHINERY	FURNITURE & FITTINGS	CAPITAL WIP	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	793,253	9,134,048	928,838	1,004,105	3,633,126	230,122	1,450,480	17,173,972
Additions		-	231,813	104,779	128,072	10,089	2,171,439	2,646,191
Disposals	(89,723)	(202,627)	(228,507)	(198,624)	(516,669)	(29,146)	-	(1,265,295)
Reclassification	79,556	(79,556)	-	-	-	-	-	
Transfer out of Capital WIP	-	38,403	170,479	30,821	324,139	7,171	(571,013)	-
At 31 December 2021	783,086	8,890,268	1,102,623	941,081	3,568,668	218,236	3,050,906	18,554,868
Additions	462,100	895,741	418,824	155,013	1,331,730	7,558	3,342,621	6,613,563
Disposals	(79,556)	(1,328,098)	(99,751)	(6,288)	(65,783)		-	(1,579,475)
Adjustment/Transfers		902,575	31,260	120,612	1,102,033		(2,128,980)	27,500
As at 31 December 2022	1,165,630	9,360,486	1,452,956	1,210,418	5,936,648	225,794	4,264,527	23,616,459
DEPRECIATION:								
At 1 January 2021	-	967,674	542,418	818,104	1,312,675	145,292	-	3,786,163
Charge for the year	-	164,260	136,738	69,236	269,245	14,630	-	654,108
Disposal	-	(45,705.50)	(215,579)	(186,095)	(303,537)	(27,480)	-	(778,396)
								-
At 31 December 2021	-	1,086,228	463,577	701,245	1,278,383	132,442	-	3,661,874
Charge for the year	-	166,644	211,971	86,332	361,761	14,652	-	841,359
Transfer out	-	-		-	12,410		-	12,409
Disposal	-	(323,516)	(89,578)	(5,463)	(46,217)		-	(464,774)
As at 31 December 2022	-	929,356	585,970	782,114	1,606,337	147,094		4,050,869
CARRYING VALUE:								
As at 31 December 2022	1,165,630	8,431,130	866,986	428,304	4,330,291	78,700	4,264,547	19,565,588
AT 31 DECEMBER 2021	783,086	7,804,040	639,046	239,836	2,290,285	85,793	3,050,906	14,892,994

The N27.5million is the value of transformer transferred from right of use asset to property plant and equipment.

Notes to the financial statements.

14.0 Property, plant and equipment (cont'd)

14.1 This represents reclassification from capital work in progress to plant and machinery.

14.2 Finance Lease – the carrying value of property, plant and equipment held under finance lease at 31 December 2022 was motor vehicles N44.09million, plant & machinery N364.22million (31 December 2021 motor vehicle N100.59million, plant & machinery N385.67million). see (Note 15)

14.3 The company's assets have been pledged as security for bank borrowings to the tune of the outstanding balance of total borrowings outside the Company at the reporting date (See Note 24).

The company is not allowed to pledge or sell these assets as security for other borrowings or sell them to another entity.

15 Right of Use Assets

COST:	MOTOR VEHICLES N'000	PLANT & MACHINERY N'000	TOTAL N'000
At 1 January 2021	366,240	476,928	843,168
Additions			-
Disposals	(6,437)	-	(6,437)
At 1 January 2021	359,803	476,928	836,731
Additions	-	-	-
Disposals	(26,027)	-	(26,027)
Reclassification	-	(27,500)	(27,500)
At 31 December 2022	333,776	449,428	783,204
ACCUMULATED DEPRECIATION:			
At 1 January 2021	193,187	54,787	247,974
Charge for the year	69,382	36,468	105,850
Disposal	(3,363)	-	(3,363)
At 1 January 2021	259,206	91,255	350,461
Charge for the year	54,596	33,855	88,450
Adjustment/Reclassification		(12,409)	(12,409)
Disposal	(24,115)	-	(24,115)
At 31 December 2022	289,687	112,701	402,387
CARRYING AMOUNT:			
At 31 December 2022	44,090	364,227	380,817
At 31 December 2021	100,598	385,673	486,270

Notes to the financial statements.

15.0 Right of use assets (cont'd)

The company leases motor vehicles and Plant & Machinery. The average lease term is 5 years.

Approximately N95.3m of the leases for the company expired in the current financial year.

15.1 Amounts recognised in profit or loss

	Dec-22	Dec-21
	₦'000	₦'000
Depreciation expense on right of use assets	88,451	105,850
Interest expenses on lease liabilities	38,531	38,531

There are no indications of impairment of right of use assets.

16.0 Investment Property

	Dec-22	Dec-21
	₦'000	₦'000
Cost		
At 1 January	48,376	48,376
Disposal	(48,376)	-
At 31 December	-	48,376
Accumulated depreciation		
At I January	16,553	15,634
Charge for the year	536	919
Disposal	(17,089)	-
At 31 December	-	16,553
Carrying amount	-	31,823

The only investment property held by Fidson Healthcare Plc is the premises used by Ecomed. The rental commenced in June 2010. The property was disposed in 2022.

	Dec-22	Dec-21
	₦'000	₦'000
Rental income derived from investment property (see note 7)	4,750	3,167

Notes to the financial statements.

17.0 Intangible assets

Product licenses	Dec-22 ₦'000	Dec-21 ₦'000
Cost:		
At 1 January	315,279	276,729
Additions	57,350	38,550
At 31 December	372,629	315,279
Amortisation		
At 1 January	293,557	253,199
Charge for the year	55,528	40,358
At 31 December	349,085	293,557
Carrying amount	23,544	21,722

The product licenses are intangible assets with finite life and are amortized in line with the provisions of IAS 38. The intangible assets are tested for impairment when there are indicators of impairment in line with the provisions of IAS 36, by comparing the recoverable amount with the carrying amount at the end of the reporting period. There were no indicators of impairment during the year.

18 Financial assets

The company's financial instruments are summarised by categories as follows:

	Dec-22 ₦'000	Dec-21 ₦'000
Financial Instrument (18a)	4,800	5,030
Loans and receivables (18b)	14,692	14,027
Total financial instruments	19,492	19,057

18a Financial Instrument

Quoted equity at fair value (Zenith Bank Plc)		
At 1 January	5,030	4,960
Gain/(Loss) FVTOCI	(230)	70
At 31 December	4,800	5,030

The Company recognized a fair value loss of N230,000 (2021: N70,000) on financial instrument quoted equity. The gain / loss is recognized in other comprehensive income.

Notes to the financial statements.

18b	**Loans and receivables**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	Investment with Cardinal Stone Partners		
	At 1 January	12,304	11,190
	Additions		
	Drawdown	-	-
	Interest accrued	572	1,114
	Sinking Fund	1,816	1,723
	At 31 December	14,692	14,027

CardinalStone Partners Limited is the portfolio management and custodial service provider for the Company towards meeting its payment on the bond. The bond was issued in 2014 and fully repaid in 2019. The balanace above represents the residual portion of the investment towards repayment.

19	**Other non –current financial asset**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	ALM Trustees		
	At 1 January	173,162	171,673
	Additions	-	-
	Transfer to Meristem	(173,162)	-
	Accrued interest		1,489
	Other Investment	-	-
	At 31 December	-	173,162

The amount left with ALM Trustee is the residual investment from the investment towards repayment of N 2 billion bond that was fully repaid in 2019. This has now been transferred to Meristem Trustee after ALM Trustee went into Voluntary liquidation.

	Dec-22	**Dec-21**
	₦'000	**₦'000**
Meristem Trustees		
At 1 January	-	-
Transfer From ALM Trustees	171,423	-
Proceeds	-	-
Accrued interest	3,119	-
Other Investment	-	-
	174,542	-

The amount represents the balance transferred from ALM Trustee after their voluntary liquidation in 2022.

The investment relates to the explanation provided in note 19 above.

Notes to the financial statements.

20	**Inventories**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	Finished goods	5,929,253	2,984,379
	Goods-in-transit	4,198,120	5,095,948
	Raw and Packaging materials	4,047,366	2,830,290
	Work- in- progress	93,019	71,300
	Engineering spare parts	330,774	119,548
	Promotional and Other Consumable Materials	140,046	128,862
		14,738,578	11,230,327
	Total inventory write-down (Note 20a)	(131,792)	(131,792)
		14,606,786	11,098,535

20a	**Inventories Write down**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	At 1 January	(75,792)	(125,368)
	Addition	(56,000)	-
	Write off	-	49,576.00
	At 31 December	(131,792)	(75,792)

The Company did not pledge any inventory as collateral for loans. The value of inventory write-down during the year is N 56 million.

21	**Trade and other receivables**	**Dec-22**	**Dec-21**
		₦'000	**₦'000**
	Trade receivables (Note 21b)	3,974,730	2,430,857
	Impairment Loss	(136,219)	(182,070)
		3,838,511	2,248,787
	Other receivables (Note 21c)	410,885	731,080
		4,249,396	2,979,867

Other receivables relate to withholding tax, value added tax receivables and staff advances. These are not interest bearing and repayment is within 1 year.

Trade receivables meet the definition of financial asset and the carrying amount of the trade receivables approximates their fair value. Trade receivables are expected to be fully collected within 1 year.

Notes to the financial statements.

21 Trade and other receivables (cont'd)

The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position adjusted for factors that are specific to the debtors' general economic conditions of the industry in which the debtor operate and an amendment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumption made during the current reporting period.

The company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the bad receivables are over two years past due, whichever occurs earlier.

As at 31 December 2022, the ageing analysis of trade receivables is as follows:

See note 21b.

As at 31 December 2022, trade receivables of an initial value of ₦136million (2021: ₦182million) were impaired and provided for. See below for the movements in the provision for impairment of trade receivables.

	Individually impaired ’₦000
At 1 January 2022	182,069
Addition	-
Write off of trade receivables	-
Write back off of trade receivables provision (Note7)	(45,851)
At 31 December 2022	136,218
At 1 January 2021	272,825
Addition	245,050
Write off of trade receivables	(335,806)
At 31 December 2021	182,069

Notes to the financial statements.

21b.

SUMMARY AGED RECEIVABLES AS AT 31/12/2022									
		1-30 Days	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-240 Days**	**240-360 Days**	**Above 360 Days**	**Balance**
	Estimated total gross carrying amount at default	**277,123**	**1,131,270**	**202,329**	**19,147**	**40,456**	**20,829**	**30,469**	**1,721,624**
	HISTORICAL LOSS RATE	0.38%	0.40%	0.14%	0.46%	0.49%	0.82%	3.74%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	
	Expected credit loss (ECL) rate	0.86%	0.88%	0.90%	0.94%	0.97%	1.30%	4.22%	
DISTRIBUTORS	Lifetime Expected credit loss	**2,376**	**9,900**	**1,825**	**180**	**391**	**270**	**1,287**	**16,229**
	Estimated total gross carrying amount at default	**99,870**	**557,437**	**340,823**	**217,189**	**337,448**	**199,198**	**138,718**	**1,890,683**
	HISTORICAL LOSS RATE	1.52%	1.59%	2.28%	1.77%	1.87%	2.56%	5.47%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	
	Expected credit loss (ECL) rate	2.00%	2.07%	2.16%	2.25%	2.35%	3.04%	5.95%	
INSTITUTIONS	Lifetime Expected credit loss	**1,999**	**11,548**	**7,358**	**4,897**	**7,933**	**6,056**	**8,252**	**48,044**
	Estimated total gross carrying amount at default	**24,717**	**225,668**	**25,597**	**9,849**	**21,075**	**6,263**	**16,862**	**330,032**
	HISTORICAL LOSS RATE	0.95%	1.00%	0.53%	1.08%	1.15%	1.77%	5.63%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	
	Expected credit loss (ECL) rate	1.43%	1.48%	1.50%	1.56%	1.63%	2.25%	6.11%	
REPS	Lifetime Expected credit loss	**353**	**3,344**	**384**	**154**	**343**	**141**	**1,030**	**5,748**
	Estimated total gross carrying amount at default	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	HISTORICAL LOSS RATE	64.40%	64.40%	64.40%	64.40%	64.40%	64.40%	32.20%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	
	Expected credit loss (ECL) rate	64.88%	64.88%	64.88%	64.88%	64.88%	64.88%	33.08%	
GOVT BUS	Lifetime Expected credit loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
	Estimated total gross carrying amount at default	-	18,750	-	-	-	0	13,641	**32,391**
	Expected credit loss (ECL) rate	100%	100%	100%	100%	100%	100%	100%	
EXITED STAFF	Lifetime Expected credit loss	-	18,750	-	-	-	-	13,641	32,391
	Estimated total gross carrying amount at default	-	-	-	-	-	0	0	**-**
	Expected credit loss (ECL) rate	100%	100%	100%	100%	100%	100%	100%	
DOUBTFUL DEBT	Lifetime Expected credit loss	-	-	-	-	-	-	-	-
	Total gross carrying amount at default	**401,711**	**1,933,126**	**568,750**	**246,185**	**398,979**	**226,290**	**199,690**	**3,974,730**
	Impaired item from staff loan and Other Debtors								
	Total lifetime expected credit loss	**4,728**	**43,541**	**9,568**	**5,230**	**8,668**	**6,467**	**58,017**	**136,219**
DEC 2022 SUMMARY	*Net Receivables*	**396,983**	**1,889,585**	**559,182**	**240,954**	**390,311**	**219,824**	**141,673**	**3,838,511**

Notes to the financial statements.

21b.

SUMMARY AGED RECEIVABLES AS AT 31/12/2021									
		1-30 Days	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-240 Days**	**240-360 Days**	**Above 360 Days**	**Balance**
	Estimated total gross carrying amount at default	**210,018**	**661,689**	**25,358**	**8,135**	**1,986**	**3,440**	**32,265**	**942,890**
	HISTORICAL LOSS RATE	0.34%	0.77%	1.48%	1.48%	2.92%	4.24%	11.74%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	
	Expected credit loss (ECL) rate	0.37%	0.80%	1.51%	1.99%	2.95%	4.27%	11.77%	
DISTRIBUTORS	Lifetime Expected credit loss	**782**	**5,261**	**382**	**162**	**59**	**147**	**3,797**	**10,589**
	Estimated total gross carrying amount at default	**132,243**	**559,212**	**213,546**	**90,321**	**149,557**	**59,740**	**145,290**	**1,349,911**
	HISTORICAL LOSS RATE	1.00%	4.19%	5.93%	7.28%	9.60%	17.08%	26.04%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	
	Expected credit loss (ECL) rate	1.03%	4.22%	5.96%	7.31%	9.63%	17.11%	26.07%	
INSTITUTIONS	Lifetime Expected credit loss	**1,359**	**23,622**	**12,719**	**6,602**	**14,409**	**10,220**	**37,872**	**106,802**
	Estimated total gross carrying amount at default	**12,067**	**75,846**	**10,515**	**3,283**	**2,450**	**1,838**	**18,415**	**124,414**
	HISTORICAL LOSS RATE	0.95%	1.00%	0.53%	1.08%	1.15%	1.77%	5.63%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	
	Expected credit loss (ECL) rate	1.43%	1.48%	1.50%	1.56%	1.63%	2.25%	6.11%	
REPS	Lifetime Expected credit loss	**153**	**12,621**	**2,255**	**888**	**790**	**767**	**9,663**	**27,138**
	Estimated total gross carrying amount at default	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	HISTORICAL LOSS RATE	64.40%	64.40%	64.40%	64.40%	64.40%	64.40%	32.20%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	
	Expected credit loss (ECL) rate	65.28%	65.28%	65.28%	65.28%	65.28%	65.28%	33.08%	
GOVT BUS	Lifetime Expected credit loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
	Estimated total gross carrying amount at default	-	3,975	-	-	-	0	9,665	**13,641**
	Expected credit loss (ECL) rate	100%	100%	100%	100%	100%	100%	100%	
EXITED STAFF	Lifetime Expected credit loss	-	3,976	-	-	-	-	9,665	13,641
	Estimated total gross carrying amount at default	-	-	-	-	-	0	0	**-**
	Expected credit loss (ECL) rate	100%	100%	100%	100%	100%	100%	100%	
DOUBTFUL DEBT	Lifetime Expected credit loss	-	-	-	-	-	-	-	-
	Total gross carrying amount at default	354,328	1,301	264,420	101,740	153,993	65,018	205,635	2,431
	Impaired item from staff loan and Other Debtors							23,899,312	23,899
	Total lifetime expected credit loss	**2,292**	**45,481**	**15,356**	**7,652**	**15,257**	**11,134**	**84,896**	**182,070**
2021 SUMMARY	*Net Receivables*	**352,035**	**1,255**	**234,063**	**94,088**	**138,735**	**53,884**	**120,739**	**2,248,787**

Notes to the financial statements.

21c. Other receivables

	Dec-22	Dec-21
	₦'000	₦'000
Withholding tax receivables (WHT)	158,040	160,802
Staff advances and other debtors	252,845	570,278
	410,885	731,080

22 Prepayments

	Dec-22	Dec-21
	₦'000	₦'000
Advance to suppliers	1,554,422	1,233,255
Other prepayments	291,568	156,570
	1,845,990	1,389,825

This represents advances made to suppliers for the purchase of factory raw and packaging materials. Other prepayments include prepaid advert, prepaid insurance and prepaid rent. Prepaid rent relates to rental paid for warehouses and offices outside Lagos.

23 Cash and cash equivalents

	Dec-22	Dec-21
	₦'000	₦'000
Bank balances	2,097,321	1,108,756
Cash at hand	15,790	4,740
Short-term deposits (including demand and time deposits)	2,025	842,658
Total cash and cash equivalents	2,115,136	1,956,154

Short–term deposits are made for varying years of between one day and three months, depending on the immediate cash requirements of the Company and weighted average interest rate is at 9.57%. There was no impairment on any cash and cash equivalents item.

For the purpose of cash flows, cash and cash equivalents consist of:

	Dec-22	Dec-21
	₦'000	₦'000
Bank overdraft	(290,004)	(259,662)
Cash and cash equivalents	2,115,136	1,956,154
	1,825,132	1,696,492

Bank overdraft represents the outstanding commitment on short-term borrowings for working capital management. The bank overdrafts are secured against mortgage debenture held by a trustee. The lenders are Access Bank, Guaranty Trust Bank, FCMB, Fidelity and FSDH. The interest on the overdraft ranges from 22– 23%.

Cash at banks in some classified account (e.g Call accounts, DSRA account and others) earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the financial statements.

24	Interest Bearing Loans and borrowings	Dec-22	Dec-21
		₦'000	₦'000
	(Non-current portion)		
	Bank of Industry ('BOI') (24f)	1,000	1,646,403
	First City Monument Bank - RSSF (24c)	-	61,947
	Bank of Industry Term Loan 3billion	3,299,088	-
	Bank of Industry ('BOI') 4 (Note 24b)	494,439	632,032
	CBN DCRR/FCMB-working Capital (Note 24d)	-	-
	NEXIM/Fidelity-Capex (Note 24e)	624,173	950,240
	CBN DCRR/FCMB-Capex (Note 24d)	1,327,739	1,513,501
	NEXIM/Fidelity-working capital (24e)	-	1,406,605
		5,746,439	6,210,729
	(Current portion)		
	Bank of Industry ('BOI') (24f)	-	33,333
	First City Monument Bank - RSSF (24c)	82,033	333,333
	Bank of Industry Term Loan 3billion	1,041,450	-
	Bank of Industry ('BOI') 4 (Note 24b)	165,230	166,667
	CBN DCRR/FCMB-working Capital (Note 24d)	466,051	484,835
	CBN DCRR/FCMB-Capex (Note 24d)	400,000	400,000
	CBN/DCRR/FCMB - CAPEX	298,390	178,304
	NEXIM/Fidelity-working capital (24e)	1,498,078	
	Short term borrowings (Note 24f)	1,847,181	603,646
		5,798,413	2,200,118
	Total	11,544,852	8,410,847
24a	**Reconciliation of interest-bearing loans**		
	At 1 January	8,410,848	10,686,952
	Interest expense	1,772,656	1,183,768
	Additions	5,019,825	3,500,000
	Principal repayment	(1,885,821)	(5,776,105)
	Interest paid	(1,772,656)	(1,183,768)
		11,544,852	8,410,847

24b The BOI loan is a N2billion loan granted in two tranches of N1bn each. The first N1bn granted at 10% for 84 months for capital expenditure while the other N1bn granted at 15% for 42 months to augment working capital.

A fair value of the loan was obtained using estimated market rate of 18%. The difference between the loan rate and market rate accounted for a grant element of N221.2m. This was recognised as government grant and will be recognised in profit or loss over the duration of the loan. The loan was granted in 2019 with a moratorium of 1 year.

Notes to the financial statements.

24 Interest Bearing Loans and borrowings (cont'd)

The moratorium on principal repayment of BOI loan 3 and 4 has been extended by one year, this is to cushion the effect of the covid pandemic,2% reduction in interest rate was also granted until March 31, 2021.The working capital loan has been paid off.

24c RSSF loan is a N1.5billion Central Bank of Nigeria (CBN) Real Sector Support Facility granted to Fidson Healthcare Plc at 9% for 60 months. A fair value of the loan was obtained using estimated market rate of 17%. The difference between the loan rate and market rate accounted for a grant element of N213m which has been recognised as government grant and will be recognised over the duration of the loan. The loan was granted in 2018 for the acquisition of Gas Generators and other pharmaceutical machinery for the factory. The interest on RSSF loan was reduced to 5% for a period of one year to cushion the effect of pandemic.

24d FCMB loan is a N2.5billion Central Bank of Nigeria (CBN) Real Sector Support Facility-Differentiated Cash Reserve Requirement granted to Fidson Healthcare PLC for 84 months. The principal and interest shall be in twenty equal instalment and the interest shall be 9% per annum, however the CBN concessionary rate of 5% will apply till February 28,2021. in addition, the moratorium period for principal repayment has been extended further by another one year till 2022.

24e Nexim Loan is a N3billion Nigerian Export-Import bank loan under the direct leading scheme to Fidson healthcare PLC at the rate of 9% per annum.

The loan was disbursed in two equal instalments, N1.5billion for equipment finance and the other for working capital utilization. The first instalment was disbursed in December 2020 while the last instalment was disbursed in February 2021.

24f The new BOI facility is a 6years period term loan of N5billion of which the sum of N 2billion was disbursed during the year. the initial interest rate on the facility is 5% which will elapse in February 2022 and subsequent interest rate of 9%. The security on the borrowing is a tripartite legal mortgage over the property.

24g Short- term borrowings above are current and are expected to be settled within 12 months of the reporting date. The loan is from Guaranty Trust Bank, Access Bank and First City monument Bank with an Interest rate of 20%. The security on the borrowing is a tripartite legal mortgage over the property.

The carrying value of short-term borrowings approximates their fair value due to the short-term nature and the fact that there were no material movement in market rates since the inception the loans

Breakdown of Note 24f	**Dec-22**	**Dec-21**
	₦'000	**₦'000**
Fcmb -bankers acceptance	379,351	307,042
Fsdh - import finance facility	481,734	281,973
Wema lc account	981,462	-
Union bank lc account	4,634	14,631
	1,847,181	603,647

Notes to the financial statements

25 Lease Liabilities

The company has entered into commercial leases on certain motor vehicles. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

25a Maturity analysis

	Dec-22 ₦'000	Dec-21 ₦'000
year 1	63,590	111,600
Year 2	-	62,216
	63,590	173,816
	(8,008)	(22,876)
Less Unearned Interest	55,582	150,940
Analysed as		
Current	55,581	87,350
Non Current	-	63,590
	55,581	150,940

26 Retirement benefit obligation

Net benefit expense (recognised in administrative expenses)

Interest cost on benefit obligation	33,851	20,011
Net benefit expense	33,851	20,011
Defined benefit liability	263,602	267,416

The actuarial valuation was carried out by Ernest & young and signed by Wise Chigudu with FRC number FRC/2022/PRO/NAS/00000024119

Changes in the present value of the defined benefit obligation are as follows:

	Dec-22 ₦'000	Dec-21 ₦'000
Defined benefit liability at 1 January	268,185	272,143
Interest cost	33,851	20,011
Benefits paid	(4,583)	(3,958)
Re-measurement gain on obligation (Experience adjustment)	(33,851)	(20,011)
	263,602	268,185
	263,602	268,185

Notes to the financial statements.

26 Retirement benefit obligation (cont'd)

The valuation assumptions used in determining retirement benefit obligations for the plans are shown below:

Financial Assumptions

(Long Term Average)	**2022**	**2021**
	%	**%**
Discount Rate (p.a)	14.5	13
Average Pay Increase (p.a)	N/A	N/A
Average Rate of Inflation (p.a)	13	13
Rate of future Interest Credit (p.a)	14.5	12

Sensitivity Analysis on Accrued Liability

2022		**Accrued Liability**
		₦'000
Base		263,602
Discount rate	+1%	263,602
Discount rate	-1%	263,602
Age rated up to 1 year		263,602
Mortality rate		263,602
Age rated down by 1 year		263,602

2021		**Accrued Liability**
		₦'000
Base		268,185
Discount rate	+1%	268,185
Discount rate	-1%	268,185
Age rated up to 1 year		268,185
Mortality rate		268,185
Age rated down by 1 year		268,185

Demographic Assumptions

Mortality in Service

(Sample Ages)	**Number of deaths in the year out of 10,000 lives**	
	2022	**2021**
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from Service

(Age Band)	**2022**	**2021**
	%	**%**
Less than or equal to 30	7.5	7.5
31 – 39	6.0	6.0
40 – 44	5.0	5.0
45 – 60	3.0	3.0

Notes to the financial statements.

26 Retirement benefit obligation (cont'd)

The discount rate is determined on the Company's reporting date by reference to market yields on high quality Government bonds. The discount rate should reflect the duration of the liabilities of the benefit programme.

The company has a medium-term strategy of increasing salaries to reflect inflation, the actuaries prudently allowed for 1% margin for 2022.

The mortality base table used for the scheme is A67/70 Ultimate Tables, published jointly by the Institute and Faculty of actuaries in the United Kingdom.

The table below shows the maturity profile of defined benefit obligation:

	2022	2021
	₦'000	₦'000
Within the next 12 months		
(Next annual reporting period)	10,519	15,582
Between2 and 5 years	115,333	119,281
Between5 and 10 years	395,953	362,684
Beyond10 years	260,262	251,644
	782,067	749,191

The weighted average duration of the defined benefit plan obligation is 6.61 years. (6.93 years in 2021)

27 Government grant

	Dec-22	Dec-21
	₦'000	₦'000
At 1 January	1,017,415	1,182,477
Additions	687,130	309,889
Released to profit or loss (Note 7)	(706,658)	(474,951)
	997,887	1,017,415
Current	346,595	356,651
Non-current	651,292	660,764
	997,887	1,017,415

This represents the grant elements of the Central Bank of Nigeria intervention loans, after the loans were re-measured using the effective interest rate. The government grants have been recognised in the statement of financial position and are being amortised through the profit or loss on a systematic basis over the tenure of the loans.

Notes to the financial statements.

28 Deferred rental income

	Dec-22 ₦'000	Dec-21 ₦'000
At 1 January	4,750	7,917
Addition	-	-
Released to the profit or loss	(4,750)	(3,167)
At 31 December	-	4,750
Current	-	3,167
Non-current	-	1,583
	-	4,750

This represents deferred rental income from an insignificant portion of the Company's building held to earn rentals.

29 Trade and other payables

	Dec-22 ₦'000	Dec-21 ₦'000
Trade payables	3,849,769	1,773,060
Accruals	2,427,806	1,283,684
Other payables (Note 29a)	738,156	1,390,386
	7,015,731	4,447,130

29a. Other payables

Other creditors	469,853	1,292,631
Withholding tax (WHT)	153,998	66,133
Nigeria Social Insurance Trust Fund (NSITF)	6,153	-
Payable to the Directors	55,833	6,022
Pay as you earn (PAYE)	37,837	15,351
Staff Cooperative	309	1,930
NHF	1,005	584
VAT Payable	511	234
Staff Pension Fund	12,657	7,501
	738,156	1,390,386

29a. Other payables

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other creditors are non-interest bearing and have an average term of six months.

Trade payables, and other payables meet the definition of financial liability and their carrying amounts approximate fair value because the terms and conditions of payment is within 1 year for trade and other payables.

Notes to the financial statements.

29a. Other payables (cont'd)

Included in the other creditors are:

	Dec-22 ₦'000	Dec-21 ₦'000
Distributors and sales representative	333,284	394,744
Deposit for Ecomed property	-	259,164
Deposit for FPL property	-	550,000
Deposit by Primus investment limited	-	-
Pioneer Director Retirement Liability	136,568	88,723
	469,852	1,292,631

30 Other Current Financial Liabilities

	Dec-22 ₦'000	Dec-21 ₦'000
Commercial papers	3,000,000	2,150,000
	3,000,000	2,150,000

31 Dividends

On 28 July 2022, a dividend of N0.50k per share (total dividend N1.04billion) was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to 2021 financial year.

in respect of the current year, the Directors proposed a dividend of N0.55k per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

	Dec-22 ₦'000	Dec-21 ₦'000
Dividends paid and proposed	1,043,180	521,591
Paid during the year	(1,043,180)	(521,591)
Balance unpaid	-	-
Dividends on ordinary shares:		
Proposed dividend for 2022: N0.55k per share (2021: N0.50k per share)	1,262,248	1,043,180

31a Unclaimed dividend

Unclaimed dividend	108,140	88,215

The Unclaimed dividend relates to the amount returned by the registrar to the company in line with the regulatory requirements. This is accounted for as a current liability with the corresponding entry sitting in cash and cash equivalent.

Notes to the financial statements.

31b	Reconciliation of unclaimed dividend	Dec-22	Dec-22
		₦'000	₦'000
	At I January	88,215	38,937
	Additions	1,043,180	512,590
	Payment	(1,043,180)	(512,590)
	(Payment)/refund of unclaimed dividend	19,925	49,278
	At 31 December	108,140	88,215

32	Share capital and reserves	Dec-22	Dec-21
		₦'000	₦'000
	Authorised share capital		
	2,400,000,000 ordinary shares of 50k each	1,200,000	1,200,000
	Issued and fully paid:		
	2,086,360,250 ordinary shares of 50k each	1,043,180	1,043,180
	208,636,025 Bonus Shares of 50k each for 10 ordinary shares	104,318	-
		1,147,498	1,043,180

A total of 105,003,725 ordinary shares of 50 kobo each of the company have been earmarked for the company's Employee share scheme (Long Term Incentive Plan) as approved by the shareholders at the 22nd Annual General Meeting in 2022. The shares will only become part of the company's issued share capital when they are duly registered with the Securities and Exchange Commission.

33	Share premium	Dec-22	Dec-21
		₦'000	₦'000
	At 1 January 2021	4,933,932	4,933,932
	Addition in the year	-	-
	Bonus Share of 50k each for 10 ordinary share	(104,318)	-
		4,829,614	4,933,932

Section 120.2 of Companies and Allied Matters Act requires that where a Company issue shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

Share premium arises from shares issued at a price higher than the nominal value. The current balance was as a result of increase in share capital with a nominal value of 50k from 200,000,000 to 1,500,000,000and 1,500,000,000 to 2,086,360,250 ordinary shares in November 2007 and April 2019 respectively.

Notes to the financial statements.

34 Financial asset reserve

The reserve records fair value changes in available for sale financial asset.

	Dec-22	Dec-21
	₦'000	**₦'000**
At 1 January	585	515
Other Comprehensive gain /(loss) for the year, net	(230)	70
At 31 December	355	585

Gain or loss on equity available for sale financial asset is not taxable. Hence, no deferred tax was recognised for fair value gain or loss. This is to aid any user of the financial statement not familiar with Nigerian tax laws.

35 Guarantees and other financial commitments

a. Capital expenditure

The Company has proposed ₦2.8billion(N3.03 billion:2021) for capital expenditure for 2022 financial year as follows:

Contracted for: ₦689 million (N1.88 billion:2021)
Not contracted for: ₦2.11 billion(N1.14billion:2021)

b Financial commitments

The directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the financial statement under review. These liabilities are relevant in assessing the Company's financial position and performance.

c Security of facilities

The bank loans and overdrafts are secured principally by a legal mortgage over some of the Company's land and buildings, debenture on the Company's assets, lien on shipping documents of goods imported, personal guarantee of Dr. Fidelis A.

Ayebae and joint and several guarantees of the Directors of Fidson Healthcare Plc. The mortgage debenture is on the land, building, plant and machinery of Fidson Healthcare Plc (including plant and machinery of the biotech factory located at Veepee Avenue, Otta Industrial Estate, Ogun State.

36 Contingent liabilities

The company had no contingent liabilities as at 31 December 2022. (31 December 2021: Nil)

37 Related party transactions

There was no related party transaction for the period under review.

Notes to the financial statements.

37a Compensation of Key Management Personnel

	Dec-22	Dec-21
	₦'000	₦'000
Short-term employee benefits	594,573	408,628
Post-employment benefits	17,689	12,459
Total compensation paid to key management personnel	612,262	421,087

The amount disclosed in the note above are the amount recognised as an expense during the reporting period relate to key management personnel

	Dec-22	Dec-21
	₦'000	₦'000
N1,000,000 to N10,000,000	9	9
N10,000,001 to N20,000,000	8	8
N20,000,001 and above	5	5
	22	22

Key management includes directors and members of senior management (Directors, GM, DGM, AGM, and Principal Manager)

37b. Directors' emoluments

The remuneration paid to the Directors is as follows:

	Dec-22	Dec-21
	₦'000	₦'000
Executive compensation	216,167	175,666
Fees and sitting allowance	12,330	7,578
Total Directors' emoluments	228,497	183,244

Fees and other emoluments disclosed above include amount paid to the chairman.

	Dec-22	Dec-21
	₦'000	₦'000
The chairman	5,500	5,000
Highest paid Director	60,000	57,000

Notes to the financial statements.

38 Information relating to employees

The number of employees in respect of emoluments within the following ranges were:

	Dec-22	**Dec-21**
	Numbers	Numbers
Less than 500,000	-	-
500,001 - 1,000,000	-	91
1,000,001- 1,500,000	59	108
1,500,001 -2,000,000	75	89
2,000,001 -2,500,000	52	62
2,500,001 -3,000,000	22	48
3,000,001 and above	385	80
	593	478

38.1 Staff

The average numbers of persons employed were as follows:

	Numbers	Numbers
Executive Management	21	17
Commercial and Marketing	176	170
Production	255	161
Operation	82	84
Finance and Admin	59	46
	593	478

39 Segment information

For management purposes, the performance of the business is assessed along product classes. Two of the Company's products have been identified as reportable segments for the purpose of IFRS 8. However, information for the product classes is only maintained at the revenue and cost of sales level. Financing and Income taxes are reported Company wide.

There is no single external customer whose transaction amount to 10% or more of the entity's revenue. Revenue for over-the-counter product accounts for 34% of total revenue, while Ethical product accounts for 66%. Revenue from north region accounts for 31% of the total revenue. The Executive Management Committee monitors the operating results of the whole business for the purpose of making decisions about resource allocation and performance assessment.

Notes to the financial statements.

39 Segment information (cont'd)

The summary below shows the revenue and cost of sales information made available to the Executive management committee:

	Dec-22	Dec-21
Revenue:	**₦'000**	**₦'000**
Consumer Healthcare (Toll Manufacturing)	1,852,923	117,366.00
Ethical	26,857,251	20,109,605
Over The Counter	11,923,969	10,633,846
Total Revenue	40,634,143	30,860,817
Cost of Sales		
Consumer Healthcare (Toll Manufacturing)	1,414,367	72,498.71
Ethical	12,446,285	7,952,280
Over The Counter (OTC)	5,549,473	5,453,662
Depreciation of factory PPE (Note 15)	578,106	569,922
Energy	1,447,290	549,226
Personnel Cost	1,157,200	625,483
Other Factory Overheads	859,743	534,710
Total cost of sales	23,452,464	15,685,283

39.1 Geographical Information

Currently the company's operations are domiciled in Nigeria

39.2 Information about Major customers

Included in Revenue are revenues of approximately N1.50billion (2021: N1.45billion) which arose from sales to the company's largest customer. In addition, three other customers contributed more than 10% to the company's revenue altogether amounting to N4.09billion (2021: N3.56billion)

40 Financial instruments risk management objectives and policies

The company deploys a number of financial instruments (financial assets and financial liabilities) in carrying out its activities. The key financial liabilities, of the Company comprise bank borrowings, trade payables and finance leases which are deployed purposely to finance the Company's operations and to provide liquidity to support the Company's operations.

The financial assets of the Company include available-for-sale investments, loans and receivables, trade receivables, and cash and short-term deposits also necessarily required for the operations of the Company.

Notes to the financial statements.

40 Financial instruments risk management objectives and policies (cont'd)

The principal risks that Fidson Healthcare Plc is exposed to as a result of holding the above financial instruments include market risk, credit risk and liquidity risk. The senior management of the Company oversees the management of these risks through the establishment of adequate risk management framework with appropriate approval process, internal control.

and authority limits. Thus, the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with those policies. The Board of Directors which is responsible for the overall risk management of the Company reviews and agrees on policies for managing each of these risks inherent in its involvement in financial instruments and operations are as summarised below.

Market risk.
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, trade payables, available-for-sale investments, finance lease obligations, cash and cash equivalents, bank overdraft, finance lease obligation and loans and receivables.

Currency risk
Management has set up a policy requiring the Company to manage their foreign exchange risk against their functional currency. The company is required to manage its entire foreign exchange risk exposure with the Company finance. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company ensures that significant transactions are contracted in the country's functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company does not carry debt at fair value neither does it have any floating rate exposure.

41.0 Financial instruments risk management objectives and policies

Equity price risk
This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Fidson Healthcare Plc has a price risk in relation to its available for sale investments. This is because the investments are traded in an active market and are subject to price fluctuation. The company manages the equity price risk by placing limits on individual an. Reports on the equity portfolio are submitted to the senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

Notes to the financial statements.

41.0 Financial instruments risk management objectives and policies (cont'd)

At the reporting date, the exposure to listed equity securities at fair value was N4,800,000 (2021:N5,030,000). A reduction of 5% on the Nigerian Stock Exchange could have an impact of approximately -N230,000 (2021: N70,000) on the income or equity attributable to the Company, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity but would not have an effect on the profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The sources of the Company's credit risk include trade receivables, receivable from related parties and deposits with banks and financial institutions. See Note 23a for analysis of the age of financial assets that are past due as at the end of the reporting year but not impaired the credit risk of the Company is unsecured the maximum exposure to credit risk for the components of the statement of financial position at 31 December 2022 is the carrying amounts as shown in Note 23. Refer to Note 24 for the maximum risk of Banks and financial institutions.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions as well as deposit with ALM Trustees is managed by the Company's treasury department in accordance with the Company's policy. The company limits its exposure for default by keeping cash with banks with good solvency margin. Maximum exposure to credit risk at the reporting date is the carrying value of the financial asset disclosed in Note 24. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counter party's potential failure to make payment.

Trade receivables

Customer credit risk is managed by credit managers and management as a whole subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Staff advance are also secured by employee salaries and deductions are made at source. Receivable from related party is managed by the management subject to the Company's established policy, procedures and control relating to credit risk management.

Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by valid customer order. Customer backgrounds are studied to avoid concentration risk. The company evaluates the concentration of risk with respect to trade receivables as low.

Notes to the financial statements

41.0 Financial instruments risk management objectives and policies (cont'd)

Balances with banks and financial institutions

Credit risk from balances with banks and financial institutions is managed by the Managing Director in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The policies are set and reviewed by the Board annually.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to pay its obligations when they fall due. The company monitors its risk to a shortage of funds using a recurring liquidity planning and continuous budget tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Board of Directors defines the Company's liquidity policy annually.

	Contractual Undiscounted Cash flows	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Carrying value
At 31 December 2022	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Interest bearing loans & borrowing (non-current)	5,746,439	-	-	-	5,746,439	5,746,439
Trade payables	3,849,769	3,849,769	-	-	-	3,849,769
Bank overdraft	290,004	-	290,004	-	-	290,004
Other financial liabilities	-	-	-	-	-	-
Interest bearing loans and borrowing (current)	5,798,413	-	-	5,798,413	-	5,798,413
Lease Liabilities	63,590	-	-	55,581	-	55,580
	15,748,215	3,849,769	290,004	5,853,995	5,746,439	15,740,206
At 31 December 2021						
Interest bearing loans & borrowing (non-current)	6,210,729	-	-	-	6,210,729	6,398,489
Trade payables	1,773,060	1,773,060	-	-	-	-
Bank overdraft	259,662	-	259,662	-	-	259,662
Other financial liabilities	-	-	-	-	-	-
Interest bearing loans and borrowing (current)	2,200,119	-	-	2,200,119	-	2,012,359
Lease Liabilities	173,816	-	-	87,350	63,590	150,939
	10,617,386	**1,773,060**	**259,662**	**2,099,709**	**6,274,319**	**8,821,449**

Notes to the financial statements.

41a Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

	Carrying values			Fair Values
	31-Dec-22	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
	N'000	N'000	N'000	N'000
Financial assets				
Loans and other receivables	9,697,672	14,027	9,697,672	14,027
Trade receivables	3,974,730	2,430,856	3,974,730	2,430,856
Cash and bank	2,115,136	1,956,154	2,115,136	1,956,154
Investment in financial asset	4,800	5,030	4,800	5,030
Other non-current financial asset	174,542	173,162	174,542	173,162
Total	15,966,880	3,847,591	15,966,880	3,847,591
Financial liabilities				
Interest-bearing loans and borrowings	5,746,439	6,210,729	2,918,518	2,695,085
Short-term borrowing	5,798,413	2,012,358	5,798,413	2,200,119
Bank Overdraft	290,004	259,662	290,004	259,662
Lease Liabilities	55,581	150,940	63,590	696,241
Trade and other payables	7,015,724	4,447,132	7,015,724	1,399,045
Total	18,906,161	13,268,581	16,086,249	7,062,389

41a Determination of fair value and fair value hierarchy

As at 31 December 2022 the Company held some financial instruments carried at fair value on the statement of financial position. The company uses the following hierarchy for determining and disclosing the fair value of non-financial assets by valuation technique:

Level 1: quote prices in active markets for identical assets or liabilities

Level2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The company has investment in listed equity securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

Notes to the financial statements.

41a Determination of fair value and fair value hierarchy (cont'd)

Valuation Date of Assets measured at fair value: Financial assets: (Note 18)	Level 1 ₦'000	Level2 ₦'000	Level3 ₦'000
31-Dec-22	4,800	-	-
31-Dec-21	4,960	-	-
Assets for which fair values have been disclosed: Investment property (Note16)			
31-Dec-22	-	-	-
31-Dec-21	-	-	329,100
Interest bearing loans and borrowings- Noncurrent (Note 41a)			
31-Dec-22	-	5,746,439	-
31-Dec-21	-	6,210,729	-
Interest bearing loans current (Note 41a)			
31-Dec-22	-	5,798,413	-
31-Dec-21	-	6,636,269	-
Lease liability (Note 25)			
31-Dec-22	-	55,581	-
31-Dec-21	-	150,940	-

There have been no transfers between Level 1, Level2 and Level 3 during the period Interest bearing loan and borrowings are evaluated by the Company based on parameters such as interest rates that reflects market risk characteristics at the measurement date.

The fair value of the loans and borrowing are determined based on DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

42 Capital management

Capital includes issued share capital, share premium, retained earnings and other reserves in the statement of financial position. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2022 and year ended 31 December 2021.

Notes to the financial statements.

42 Capital management (cont'd)

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 45% and 60%. The company includes within net debt interest bearing loans and borrowings, trade and other payables, and cash and short-term deposits.

	Dec-22	Dec-21
	₦'000	₦'000
Interest bearing loans and borrowings (Note 24)	11,544,852	8,410,848
Trade and other payables (Note 29)	7,015,721	4,447,130
Overdraft (Note 24)	290,004	259,662
Less: Cash and bank balances	(2,115,136)	(1,956,154)
Net debt	16,735,451	11,161,485
Capital - Equity	16,919,279	13,751,835
Capital and net debt	33,654,730	24,913,321
Gearing Ratio	50%	45%

43.0 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

The following reflects the income and share data used in the basic earnings per share computations:

Basic	Dec-22	Dec-21
	₦'000	₦'000
Net profit attributable to ordinary shareholders	4,187,158	3,719,913
Weighted average number of ordinary shares	2,294,996	2,086,350
Basic / (Loss) earnings per ordinary share	182k	178k

There was no dilutive effect of ordinary shares during the reporting and the comparative years.

44.0 Events after the reporting period

There are no events or transactions that has occurred since the reporting date which would have a material effect on these financial statements or which would need to be disclosed in the financial statements.

Value added statement.

	2022 ₦'000	%	2021 ₦'000	%
Revenue	**40,634,143**		**30,860,817**	
Other operating income	863,335		596,552	
Finance income	65,423		77,718	
Bought in goods and services				
- Imported	(13,282,094)		(11,190,692)	
- Local	(16,233,668)		(10,518,292)	
Value added	**12,047,139**		**9,826,103**	
Applied as follows:				
To employees:				
Salaries and other benefits	3,507,135	29	2,561,690	28%
To Government:				
Income tax	1,391,588	12	1,374,982	9%
To pay providers of capital:				
Bank interest	1,772,656	15	1,222,299	13%
To provide for replacement of assets and expansion of business:				
- Depreciation and amortization	985,875	8	801,235	8%
- Deferred taxation	202,727	2	(377,251)	-4%
Retained profit/(loss)	4,187,158	35	4,243,148	43%
	12,047,139	100	9,326,103	100%

The value added represents the wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, government and that retained for the future creation of more wealth.

Five-year financial summary

	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Non-current assets					
Property, plant and equipment	19,565,588	14,892,994	13,387,810	11,996,884	12,371,006
Right of use Assets	380,817	486,271	595,194	703,182	-
Investment property	-	31,823	32,742	33,586	34,504
Intangible assets	23,544	21,722	23,530	27,736	54,475
Loans and other receivables	14,692	14,027	12,871	10,172	50,038
Available for sale	4,800	5,030	4,960	3,720	4,610
Investment in associate					
Other non-current financial assets	174,542	173,162	171,673	441,337	393,209
Net current (liabilities)/assets	4,806,573	6,508,720	3,464,889	1,030,464	(2,960,404)
	24,970,556	**22,133,749**	**17,693,669**	**14,247,081**	**9,947,438**
Non-current liabilities					
Interest bearing loans and borrowings –	(5,746,439)	(6,210,729)	(4,050,683)	(2,695,082)	(1,124,287)
Obligation under finance lease	-	(63,590)	(164,459)	(312,409)	(213,180)
Staff retirement benefits	(263,602)	(268,185)	(447,792)	(278,533)	(300,957)
Government grant	(651,292)	(660,764)	(938,248)	(247,299)	(156,068)
Deferred revenue	-	(1,583)	(4,751)	(7,916)	-
Deferred taxation	(1,344,945)	(1,177,063)	(1,548,311)	(1,085,533)	(999,166)
	16,919,279	**13,751,835**	**10,539,425**	**9,620,308**	**7,153,781**
Financed by:					
Share capital	1,147,498	1,043,180	1,043,180	1,043,180	750,000
Share Premium	4,829,614	4,933,932	4,933,932	4,933,932	2,973,043
Retained earnings	10,941,811	7,774,138	4,561,808	3,643,921	3,430,573
Available for sale reserve	355	585	515	(725)	165
	16,919,279	**13,751,835**	**10,539,435**	**9,620,308**	**7,153,781**
Revenue	**40,634,143**	**30,860,817**	**18,275,856**	**14,062,015**	**16,229,903**
Profit before taxation	5,781,473	4,717,644	1,772,211	575,666	160,867
Profit / (Loss) for the year	4,187,158	3,719,913	1,205,039	407,188	(97,447)
Dividend	1,262,248	1,043,180	521,591	312,939	225,000
Per Share Data					
Earnings per share (kobo)	182	178	58	20	(6)
Dividend per share (kobo)	55	50	25	15	15
Net assets per share (kobo)	737	659	505	462	477